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**INVESTIGATION OF IMPROPER ACTIVITIES IN THE
LABOR OR MANAGEMENT FIELD**

HEARINGS
BEFORE THE
SELECT COMMITTEE
ON IMPROPER ACTIVITIES IN THE
LABOR OR MANAGEMENT FIELD
EIGHTY-SIXTH CONGRESS
FIRST SESSION

PURSUANT TO SENATE RESOLUTION 44, 86TH CONGRESS

JULY 1, 6, 7, 8, AND 9, 1959

PART 55

**Printed for the use of the Select Committee on Improper Activities in the
Labor or Management Field**



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INVESTIGATIONS OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

WEDNESDAY, JULY 1, 1959

U.S. SENATE,
SELECT COMMITTEE ON IMPROPER ACTIVITIES
IN THE LABOR OR MANAGEMENT FIELD,
Washington, D.C.

The select committee met at 10:15 a. m., pursuant to Senate Resolution 44, agreed to February 2, 1959, in the caucus room, Senate Office Building, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, of Arkansas; Senator Sam J. Ervin, Jr., Democrat, of North Carolina; Senator Frank Church, Democrat, of Idaho; Senator Barry Goldwater, Republican, of Arizona; Senator Carl T. Curtis, Republican, of Nebraska.

Also present: Robert F. Kennedy, chief counsel; Paul J. Tierney, assistant counsel; Arthur G. Kaplan, assistant counsel; George M. Kopecky, assistant counsel; George H. Martin, assistant counsel; Sherman S. Willse, investigator; Ruth Y. Watt, chief clerk.

The CHAIRMAN. The committee will be in order.

(Members of the select committee present at the convening of the session were Senators McClellan, Church, and Goldwater.)

The CHAIRMAN. I am advised by the chief counsel that certain testimony will be developed today in connection with two very important figures in the Teamsters Union, particularly local 805, and I have a statement here that I will have inserted in the record at this point. It is just a brief statement of the Chair.

Among other things, it points out that in spite of previous revelations with respect to one Abe Gordon, who is now a vice president of local 805 and is also administrator of that local's welfare and pension fund, and also a Milton Holt, who is secretary-treasurer of that local, in spite of their criminal connections and criminal records and the exposures heretofore made, they still remain in office, which further emphasizes in my mind that there is no intention on the part of Mr. Hoffa to clean up the union and to get rid of these elements that are a disgrace to decent unionism in this country.

The statement will be entered in the record, and the press may have a copy if it likes.

(The statement of the Chair follows:)

OPENING REMARKS OF SENATOR MCCLELLAN

The record before the committee for 2½ years emphasized the reluctance on the part of James R. Hoffa to clean up the Teamsters Union by removing from office certain officials who have been adjudged guilty of criminal offenses, or those known for their long association with top racketeers and hoodlums.

The hearings today will involve another such case in point. The union concerned is local 805 of the International Brotherhood of Teamsters in New York.

The vice president of local 805 is one Abe Gordon. Abe Gordon is also administrator of the local's welfare and pension funds. The manner in which he administers those funds will be developed in the testimony today.

The committee is not, of course, fully aware of the scope of Mr. Gordon's advisory talents. We do know, however, that during the appearance of Mr. Hoffa before the committee last August, Mr. Gordon remained for 3 days in the Teamsters headquarters across the street. Mr. Hoffa so testified.

Both before and since Mr. Hoffa's ascendancy to the presidency of the Teamsters' international, we find Mr. Gordon at Mr. Hoffa's side. He was with him, for instance, during both of Mr. Hoffa's trials in New York. He has been with him at conferences in Florida. When Hoffa was trying to get the "paper local" delegates seated in joint council 16 in New York to insure the election of Hoffa's friend John O'Rourke as president of the council, in the forefront of this activity, as we expect to show in the testimony, were Abe Gordon and his long-time friend and associate, the notorious Johnny Dio.

The committee expects to develop testimony which will show that the case of Abe Gordon is one of curious transformation from trucking company operator to union leader; that his rise to eminence in the Hoffa hierarchy has occurred despite his known association with leading New York racketeers and hoodlums, including many in the most despicable of all criminal categories—the traffickers in narcotics.

We expect to offer evidence that his business associates were men with criminal records; that his employees preponderantly were men with criminal records, and that the roster of local 805's officers includes men with criminal records. One of them, a trustee of the union, was before the committee last week. His record included a conviction for murder and convictions for violations of the narcotics laws.

The secretary-treasurer of local 805, Milton Holt, has a criminal record. He took the fifth amendment in a previous appearance before the committee.

When Mr. Hoffa was before the committee last August he admitted that he had made no effort to remove either Gordon or Holt. In Holt's case, Hoffa said no action had been taken because the case against him was still pending. Holt had been indicted for perjury in the same case in which Johnny Dio and John McNamara were convicted of extortion. Holt has since pleaded guilty, has been fined and has been given a suspended jail sentence but still has not been removed from office.

The committee expects to develop additional evidence for the information and guidance of Mr. Hoffa—and for any other interested parties—in the cases of both Abe Gordon and Milton Holt.

The CHAIRMAN. Let us proceed.

Mr. KENNEDY. Mr. Paul Tierney, Mr. Chairman.

The CHAIRMAN. Have you been sworn?

Mr. TIERNEY. Yes.

TESTIMONY OF PAUL J. TIERNEY—Resumed

Mr. KENNEDY. Mr. Tierney's testimony will be short. I just want to get the background of Mr. Abe Gordon as far as the welfare and pension funds are concerned. Later on we will go into it in more detail.

Was Mr. Gordon the head of the pension fund in 1953?

Mr. TIERNEY. He was. Mr. Abe Gordon was administrator of the local 805 welfare fund.

The CHAIRMAN. You say he was?

Mr. TIERNEY. And he is, sir.

The CHAIRMAN. He was then and he is now?

Mr. TIERNEY. Yes, sir.

The CHAIRMAN. I wanted to get that clear.

Mr. KENNEDY. We expect to have a witness who will go into more detail in analyzing these activities in the welfare fund; is that correct?

Mr. TIERNEY. That is correct.

(At this point Senator Goldwater withdrew from the hearing room.)

Mr. KENNEDY. There is just one matter.

Do we find that the welfare fund made a purchase of a plot of land and a camp back in 1953?

Mr. TIERNEY. Yes, sir. On October 29, 1953, local 805 welfare fund entered into a contract to purchase and did purchase some 490 acres near Wurtsboro, N.Y., which was eventually used for a summer camp for the local.

The CHAIRMAN. That was purchased with welfare funds?

Mr. TIERNEY. It was purchased by the welfare fund, with welfare fund money.

The CHAIRMAN. From whom was it purchased?

Mr. TIERNEY. From one Edward Robbins, who was a cousin of Abe Gordon, the administrator of the local.

Mr. KENNEDY. How much money was paid for the plot of land?

Mr. TIERNEY. A total of \$85,000 was paid for the land. There was a down payment of \$70,000.

The CHAIRMAN. How much was that?

Mr. TIERNEY. A down payment of \$70,000, and they assumed a \$15,000 mortgage.

Mr. KENNEDY. So a total of \$85,000 was paid?

Mr. TIERNEY. Yes, sir.

The CHAIRMAN. Where were these lands located?

Mr. TIERNEY. They were located at Wurtsboro, N.Y., or near the town of Wurtsboro, N.Y.

The CHAIRMAN. How far is that from somewhere?

Mr. TIERNEY. Wurtsboro, I judge, is about 90 miles from New York City, Senator, north of New York City, in the Catskill Mountains.

Mr. KENNEDY. I would like to call Mr. Joseph Lloyd, Mr. Chairman.

The CHAIRMAN. Will you come around, please?

Do you solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. LLOYD. I do.

TESTIMONY OF JOSEPH P. LLOYD

The CHAIRMAN. State your name, your place of residence, and your business or occupation, Mr. Lloyd.

Mr. LLOYD. Joseph P. Lloyd, Bloomingburg, N.Y. My business is chairman of the board of assessors of the town of Mamakating.

The CHAIRMAN. How long have you held that position?

Mr. LLOYD. Thirteen or fourteen years.

The CHAIRMAN. The last 13 or 14 years?

Mr. LLOYD. Yes, sir.

The CHAIRMAN. Do you waive counsel?

Mr. LLOYD. I do.

Mr. KENNEDY. You are chairman of the board of assessors of the town of Mamakating?

Mr. LLOYD. That is right.

Mr. KENNEDY. And, as chairman of the board of assessors, you are responsible for assessing property; is that right?

Mr. LLOYD. That is right.

Mr. KENNEDY. And Wurtsboro, N.Y., is within the jurisdiction of your board?

Mr. LLOYD. It is.

Mr. KENNEDY. Now, were you a member of the board of assessors at the time local 805, or its welfare fund, purchased some 490 acres?

Mr. LLOYD. I was.

Mr. KENNEDY. For a resort, from Mr. Edward Robbins; is that right?

Mr. LLOYD. That is right.

The CHAIRMAN. How close is that to the town, this tract of land?

Mr. LLOYD. I am sorry, Senator.

The CHAIRMAN. How close is this tract of land to the town of Wurtsboro?

Mr. LLOYD. Approximately 2 miles.

The CHAIRMAN. How large a town is Wurtsboro?

Mr. LLOYD. Wurtsboro is a very small town; I really don't know exactly, but I should say 1,000 population. That is a guess, Senator.

The CHAIRMAN. It is a kind of a village.

Mr. LLOYD. Yes; it is a village.

Mr. KENNEDY. You have been responsible for the assessment of the property, this piece of property?

Mr. LLOYD. I have.

Mr. KENNEDY. And you held that position during the period of time in which this purchase was made, by the welfare fund?

Mr. LLOYD. I have.

Mr. KENNEDY. Now, what was the value of the property at the time that local 805 made a purchase of it for \$85,000? What was your value, or what did you value the land at that time for?

Mr. LLOYD. Do you mean, sir, the assessment value?

Mr. KENNEDY. No. What you would consider the value of the property.

The CHAIRMAN. What did you assess it for at the time?

Mr. LLOYD. It was assessed for some \$10,000, and its retail value was certainly not over \$20,000 or \$25,000.

The CHAIRMAN. What is your yardstick there for assessment? What do you undertake to use?

Mr. LLOYD. The New York State considers our figure of equalization to be 34 percent.

The CHAIRMAN. In other words, you undertake to assess it at 34 percent of its actual value?

Mr. LLOYD. Yes.

The CHAIRMAN. And you had assessed this for \$10,000?

Mr. LLOYD. Approximately. Was it \$10,000 or \$10,500?

Mr. KENNEDY. It was \$10,500.

The CHAIRMAN. That was its assessed value?

Mr. LLOYD. Yes, sir.

The CHAIRMAN. That is what year?

Mr. KENNEDY. That was in 1952.

Now I might point out, that was for 640 acres, and the purchase here by local 805 welfare fund was only for 490 acres.

The CHAIRMAN. This \$10,500 was for 640 acres; is that correct?

Mr. LLOYD. Yes, sir.

The CHAIRMAN. Was it at that time all in the same tract?

Mr. LLOYD. One parcel; yes.

The CHAIRMAN. In one parcel?

Mr. LLOYD. Yes, sir.

The CHAIRMAN. And subsequently after this assessment for \$10,500, this welfare fund or this union bought 490 of the 640 acres?

Mr. LLOYD. That is right.

The CHAIRMAN. In other words, 150 acres that were included in the \$10,500 assessment were not sold?

Mr. LLOYD. That is right.

The CHAIRMAN. Are you familiar with the land, and would you compare the 150 acres per-acre value about the same as the 490 acres, per-acre value?

Mr. LLOYD. Yes; with the exception there were no improvements on that part of it.

The CHAIRMAN. But there were some improvements on the 490 acres?

Mr. LLOYD. That is right.

The CHAIRMAN. So that the 490 by reason of the improvements was a little more valuable?

Mr. LLOYD. That is right.

The CHAIRMAN. But you would say that the \$10,500 that you had assessed it at, at that time, according to your best judgment, and based on your acquaintance in the community and in the exercise of your official duties, that \$10,500 was a fair assessment value under the laws of the State of New York and according to your duties and your experience in your official capacity?

Mr. LLOYD. That is right.

The CHAIRMAN. And the actual market value of it at that time, the 490 acres, in your opinion, would not exceed \$20,000?

Mr. LLOYD. I said \$20,000 to \$25,000.

The CHAIRMAN. All right, say \$25,000, and let us give it the maximum.

That is, \$25,000 would be the maximum retail price of it, assuming someone wanted to purchase and the owner wanted to sell?

Mr. LLOYD. In my opinion it would be very hard to find a buyer at that price, but that is the top.

The CHAIRMAN. That would be the top.

Mr. KENNEDY. Actually it was assessed for the year 1952, 1953, and 1954, at \$10,500?

Mr. LLOYD. I believe that is right.

Mr. KENNEDY. After this purchase was made, were you approached, or was a representative of the Board approached, to try to up the assessment when there was some question raised as to local 805 paying too much money for this piece of property?

Mr. LLOYD. I was.

Mr. KENNEDY. Would you tell us what happened?

Mr. LLOYD. A gentleman named Ed Benson, who, I believe, was working for 805, came to me and said that "they"—who, I presume, were officials of the local—would like to have a higher assessment, and it would look better on the books.

The CHAIRMAN. Who was that? What was his name?

Mr. LLOYD. The man who contacted me was Mr. Benson, a contractor who was working for somebody in local 805.

The CHAIRMAN. Mr. Benson?

Mr. LLOYD. That is right.

The CHAIRMAN. And they wanted to get the assessment increased?

Mr. LLOYD. That is right.

The CHAIRMAN. Is that an unusual happening?

Mr. LLOYD. Rather unusual; yes.

The CHAIRMAN. I never heard of it before.

Mr. KENNEDY. Was the implication to you the fact that they felt that the whole transaction would look much better if the assessment was raised?

Mr. LLOYD. That was my impression, sir.

Mr. KENNEDY. Did you refuse to go along at that time?

Mr. LLOYD. Oh, no; I accommodated them, and we don't mind collecting taxes.

Mr. KENNEDY. So the assessment was raised?

Mr. LLOYD. It was.

Mr. KENNEDY. What did you raise the assessment to?

Mr. LLOYD. Sir, you have my notes, and I would like to be refreshed on it.

Mr. KENNEDY. Was it \$25,000?

Mr. LLOYD. I believe that is right.

The CHAIRMAN. You more than doubled the assessment?

Mr. LLOYD. Let me say this in fairness, they had made some improvements at that time.

The CHAIRMAN. In the meantime, they had made some improvements?

Mr. LLOYD. Yes, sir.

Mr. KENNEDY. You understood that Mr. Robbins had had difficulty finding a purchaser for this property prior to the time 805 came in?

Mr. LLOYD. I understood that to be so.

Mr. KENNEDY. And also the property itself was not the most valuable kind of land in that area; is that correct?

Mr. LLOYD. No, much of it was vertical, and what wasn't vertical was in a swamp.

Mr. KENNEDY. Much of it was vertical and what was not vertical was in a swamp; is that right?

Mr. LLOYD. That is right.

Senator CHURCH. What was the original purpose for this purchase by the welfare fund?

Mr. KENNEDY. For a summer resort camp.

Senator CHURCH. For a summer resort camp. This you wouldn't regard as suitable for that purpose, being familiar with the land?

Mr. LLOYD. Well, that is a hard question to answer. Opinions might differ. Personally, it certainly wasn't a piece of land that I would have bought for that purpose.

Senator CHURCH. Do you know of any summer resort camps that are located on swamp?

Mr. LLOYD. I don't know of any along that valley.

The CHAIRMAN. Is there anything further?

Senator CHURCH. Nothing further.

Mr. KENNEDY. That is all.

The CHAIRMAN. Thank you very much.

Call the next witness.

Mr. KENNEDY. Mr. Arthur Furman.

The CHAIRMAN. You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. FURMAN. I do.

TESTIMONY OF ARTHUR FURMAN

The CHAIRMAN. State your name, your place of residence, and your business or occupation, please, sir.

Mr. FURMAN. Arthur Furman, R.D. 3, Middletown, N.Y., business manager, Local Union 133, International Brotherhood of Electrical Workers.

The CHAIRMAN. No. 133?

Mr. FURMAN. Yes, sir.

The CHAIRMAN. You waive counsel, do you, Mr. Furman?

Mr. FURMAN. Yes, sir.

The CHAIRMAN. Thank you very much.

All right, Mr. Kennedy.

Mr. KENNEDY. How long have you been with the International Brotherhood of Electrical Workers, Mr. Furman?

Mr. FURMAN. Thirty-eight years last January.

Mr. KENNEDY. And how long have you been an officer?

Mr. FURMAN. Twenty years.

Mr. KENNEDY. About 20 years?

Mr. FURMAN. Yes, sir.

Mr. KENNEDY. You represent the International Brotherhood of Electrical Workers on the Building and Construction Trades Council of Middletown, N.Y.?

Mr. FURMAN. I did; yes.

Mr. KENNEDY. You did in 1954?

Mr. FURMAN. I do now.

Mr. KENNEDY. And in 1954?

Mr. FURMAN. Yes, sir.

Mr. KENNEDY. You were conducting an organizational drive on behalf of local 133 of the IBEW in 1954?

Mr. FURMAN. Yes, sir.

Mr. KENNEDY. In the course of your efforts, did you notice certain construction work being done at a resort at Wurtsboro, of local 805 of the Teamsters, New York City?

Mr. FURMAN. Yes, sir.

Mr. KENNEDY. Did you observe that there were 10 or 15 individuals working there, including laborers, carpenters, and painters?

Mr. FURMAN. Yes, sir.

Mr. KENNEDY. Did you also learn that at least half of the individuals that were working there were working nonunion?

Mr. FURMAN. That is right.

Mr. KENNEDY. Will you tell the committee what you did then?

Mr. FURMAN. I went to the site of the job several times and found out at last who was in charge, and found Abe Gordon was the man you had to see. Well, he was a hard man to locate.

The CHAIRMAN. He was what?

Mr. FURMAN. A hard man to locate.

So we have a building trades council, the Middletown Building Trades Council. We also have an Orange and Sullivan County Building Trades. I took it up in both of their meetings, and we had daytime meetings where we would go on job sites and try to organize them.

I was stirring up quite a fuss. We had a meeting in Monticello, one morning, and it was decided to see if we couldn't locate this Abe Gordon. So we went over to Concord and called him.

Mr. KENNEDY. He was staying at the Concord Hotel?

Mr. FURMAN. Yes, sir.

Mr. KENNEDY. What kind of a hotel is the Concord Hotel?

Mr. FURMAN. One of the best.

Mr. KENNEDY. And he was staying there; is that correct?

Mr. FURMAN. That is right.

Mr. KENNEDY. So you located him there and then you went over to visit him?

Mr. FURMAN. No. We went over to the hotel first and then called him. He was upstairs. He invited us up. We went up to see him, and after we had a discussion with him for a few minutes, he asked us to retire so he could get dressed and we would go down to the job site and straighten this job out immediately.

So we went downstairs and on the veranda, where he asked us to meet him. In a few minutes he came down. In the meantime, since we had left, he had gotten an urgent telephone call and had to go to New York.

So he made an appointment with us as soon as he got his business straightened up in New York; he would call us and we would meet at the job site and go over this job and iron it out and make it union.

Well, I never heard of or saw Abe Gordon from then on.

Mr. KENNEDY. Did you try to locate Abe Gordon?

Mr. FURMAN. Yes. I waited about a week, probably a little longer, and made several telephone calls on the local level, and nobody had heard from Abe Gordon, who was in the original package that went up to the room to visit him. I called 805, Newburgh office, but they didn't have a directory where 805 was located. But they gave a number in Yonkers to call, so I called that.

I asked about Abe Gordon in 805. They gave me his telephone number in New York. I called that several times before I got any satisfaction at all. Then they said he had been called out of town and Mr. Holt, evidently——

Mr. KENNEDY. Milton Holt?

Mr. FURMAN. Yes. He was handling his business while he was away. He said he would look after it as soon as he came back. In the meantime, the construction was continuing on.

Mr. KENNEDY. Still operating nonunion?

Mr. FURMAN. That is right.

Mr. KENNEDY. Did you talk to Milton Holt about it?

Mr. FURMAN. On the phone only.

Mr. KENNEDY. What did he say?

Mr. FURMAN. As soon as this Abe Gordon came back, we would make a meeting and that would be it, straighten it out immediately. But still Abe Gordon didn't come back and the job didn't get straightened out.

So we gave him a final time to straighten it one time or another or we would have to go over his head. So we went to Beck.

Mr. KENNEDY. First, what else did Milton Holt say to you about your union?

Mr. FURMAN. Well, he didn't pay too much attention; we were a bunch of hillbillies up there, and so on and so forth.

Mr. KENNEDY. Did he say that to you?

Mr. FURMAN. That is the exact words he used, a bunch of hillbilly locals up there; that we didn't know what we were doing. He seemed to know it all.

Mr. KENNEDY. He said that you were a bunch of hillbilly locals up there and you didn't know what you were doing?

Mr. FURMAN. That is right.

The CHAIRMAN. I thought they only applied that term to folks down South. You have Dixie citizens and Yankee citizens but we have hillbillies in both directions.

All right.

Mr. KENNEDY. So then you got in touch with Dave Beck, did you?

Mr. FURMAN. Yes. We sent a telegram, a night letter, to Dave Beck. We got an answer back in time.

Mr. KENNEDY. Just one moment.

The CHAIRMAN. I hand you here a telegram, apparently addressed and sent to Dave Beck. It seems to be the original telegram.

Mr. KENNEDY. Mr. Tierney can identify it.

The CHAIRMAN. It is dated April 11.

Mr. Tierney, what do you have before you; what document?

Mr. TIERNEY. I have two telegrams, Senator, each dated April 11, 1954, which were obtained by subpoena from the international offices of the Teamsters.

The first—both telegrams are to then President Dave Beck. The first it from Mr. Russell Gardner, who at that time was secretary-treasurer of the Building and Construction Trades Council of Middletown, N.Y.; and the second one is from Mr. Furman, who is the witness.

The CHAIRMAN. Let me have the one from Mr. Furman.

Mr. Furman, I hand you herewith the telegram Mr. Tierney referred to as being from you. I ask you to examine it and state if you identify that as the message you sent to Mr. Beck.

(The document was handed to the witness.)

Mr. FURMAN. Yes.

The CHAIRMAN. It may be made exhibit No. 38.

(Telegram referred to was marked "Exhibit No. 38" for reference and may be found in the files of the select committee.)

The CHAIRMAN. The other one, which you identified, Mr. Tierney, may be made exhibit No. 38-A.

(The telegram referred to was marked "Exhibit No. 38-A" for reference and may be found in the files of the select committee.)

The CHAIRMAN. Proceed.

Mr. KENNEDY. Could I read the first one?

It is to Dave Beck, International Brotherhood of Teamsters.

Dear Sir and Brother: Your local union 805, located at 1780 Broadway, New York, is building a summer resort at Wurtsboro, N.Y., which is in local union 133, IBEW, jurisdiction, and the job is 100 percent nonunion. I have spent considerable time contacting Abe Gordon, who is local union 805 local representative, without satisfactory results. Also, 805 secretary and treasurer, Milton Holt, and received a real runaround. I am bringing this to your attention and would like an immediate reply before we take final action.

It is signed—

Arthur Furman, Business Manager, Local 133, IBEW.

You received a letter on April 20, 1954; is that right?

Mr. FURMAN. That is right.

The CHAIRMAN. Do you recall receiving a reply to your wire, Mr. Furman?

Mr. FURMAN. Yes, sir. We received a wire from Mr. Beck to the effect that he was going to have—

The CHAIRMAN. Was it a wire or a letter?

Mr. FURMAN. I couldn't tell you at the present time.

TESTIMONY OF PAUL J. TIERNEY—Resumed

The CHAIRMAN. Mr. Tierney, did you find any document as a followup to the wire of Mr. Furman to Mr. Beck?

Mr. TIERNEY. Yes; I did, Mr. Chairman.

The CHAIRMAN. What have you before you?

Mr. TIERNEY. I have a letter dated April 20, 1954, which was obtained from the international files.

The CHAIRMAN. Do you mean a carbon copy of a letter?

Mr. TIERNEY. A carbon copy of a letter.

The CHAIRMAN. Which appears to be in reply to the wire of Mr. Furman?

Mr. TIERNEY. That is correct.

(At this point, Senator Curtis entered the hearing room.)

The CHAIRMAN. The letter will be made exhibit No. 38-B.

(Letter referred to was marked "Exhibit No. 38-B" for reference and may be found in the files of the select committee.)

The CHAIRMAN. You may read excerpts from it into the record.

Mr. TIERNEY. The letter reads:

Mr. Dave Beck, general president of the International Brotherhood of Teamsters, referred the subject matter mentioned in your wire to me for investigation. I communicated with officials of local union No. 805 and was informed that the matter was being satisfactorily adjusted. I have communicated this information to Mr. Beck.

All we have are initials here. It is "D.K." and I think it was at that time David Kaplan.

TESTIMONY OF ARTHUR FURMAN—Resumed

The CHAIRMAN. Do you remember getting a letter?

Mr. FURMAN. Yes, sir.

The CHAIRMAN. Was it true what he had reported, that it was being satisfactorily adjusted?

Mr. FURMAN. Strictly no.

The CHAIRMAN. It never has been adjusted yet, has it?

Mr. FURMAN. That is right.

The CHAIRMAN. So they built their resort up there with nonunion labor?

Mr. FURMAN. Yes, sir.

The CHAIRMAN. These great friends of labor; is that right?

Mr. FURMAN. I wouldn't say that.

The CHAIRMAN. You wouldn't say they were friends of labor?

Mr. FURMAN. Not exactly.

The CHAIRMAN. Sir?

Mr. FURMAN. No, sir.

The CHAIRMAN. You don't believe they are very friendly, then, people who act that way?

Mr. FURMAN. I do not.

The CHAIRMAN. You don't think they are loyal to the cause of labor, do you?

Mr. FURMAN. That is right.

The CHAIRMAN. I hope every union man in the country feels the same way about it as you do. If we had that kind of sentiment backing this committee and backing Congress of the United States, we would clean up this mess pretty soon.

Proceed.

Mr. KENNEDY. Subsequently, on April 23, there was another telegram, Mr. Chairman, that was sent from Russell T. Gardner, president, Middletown Building Trades Council, 23 Lafayette Avenue, Middletown, N.Y., which stated:

Dear Sir and Brothers:

To Mr. David Kaplan—

The project of your local union at Wurtsboro, N.Y., has not been satisfactorily adjusted to the satisfaction of the Middletown Building Trades Council and is still operating as a nonunion project up to April 22, 1954. If not properly adjusted by April 26, 1954, pickets will walk at 1780 Broadway, New York.

The CHAIRMAN. Did you send that wire?

Mr. FURMAN. Yes, sir.

The CHAIRMAN. Let it be made exhibit No. 38-C.

(Wire referred to was marked "Exhibit No. 38-C" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. So at that time you were threatening to picket 805?

Mr. FURMAN. The New York office; yes.

Mr. KENNEDY. Did you ever picket them?

Mr. FURMAN. No, sir.

Mr. KENNEDY. Why not?

Mr. FURMAN. We were a little bit out of order picketing them in New York, a secondary boycott. We could picket Wurtsboro. But we kept arguing with them back and forth and at last it wore itself out. They stopped the job, in fact. They finished up four bungalows.

Mr. KENNEDY. When did they finish up?

Mr. FURMAN. Probably in June.

Mr. KENNEDY. Could they have obtained union workers if they had wanted to?

Mr. FURMAN. Yes.

Mr. KENNEDY. How do you know that?

Mr. FURMAN. At that time there was plenty of workers, the same as there is at the present time, to cover all jobs.

Mr. KENNEDY. Was there some union work going on in the surrounding area?

Mr. FURMAN. Yes; there was union work going on in the surrounding area.

Mr. KENNEDY. So there was no complication, no problem about it?

Mr. FURMAN. No problem, outside of hiring them.

Senator CURTIS. Mr. Chairman—

The CHAIRMAN. Senator Curtis?

Senator CURTIS. Do you know what these nonunion people were being paid?

Mr. FURMAN. I haven't any idea.

Senator CURTIS. Is it against the law for a nonunion man to work?

Mr. FURMAN. I didn't hear your question.

Senator CURTIS. Is it against the law for a nonunion man to work?

Mr. FURMAN. No, not that I ever heard of.

Senator CURTIS. It should be a matter of free choice, shouldn't it?

Mr. FURMAN. That is right.

Senator CURTIS. But you do not know whether or not there were substandard wages or working conditions involved in this situation?

Mr. FURMAN. I do not.

Senator CURTIS. That is all.

Senator CHURCH. Mr. Chairman—

The CHAIRMAN. Senator Church?

Senator CHURCH. Mr. Furman, you were really seeking a very reasonable objective, don't you think? You, representing your union, endeavor to enlist private contractors who do construction work in your area to employ union labor, don't you?

Mr. FURMAN. Yes, sir.

Senator CHURCH. And you believe that in employing union labor, these workers are afforded benefits and protections, do you not?

Mr. FURMAN. That is right.

Senator CHURCH. So it is not very unreasonable, then, to call upon another labor union to employ union labor in the construction work that that union is engaged in doing, is it?

Mr. FURMAN. Union labor should be used without a doubt.

Senator CHURCH. In fact, if there is one place where union labor certainly should be used, it is by other unions engaged in building, is it not?

Mr. FURMAN. That is right.

Senator CHURCH. And wouldn't you say that the failure of the Teamsters Union to employ union labor in that area for this work represents an affront to the union movement?

Mr. FURMAN. It sure does.

Senator CHURCH. I agree.

The CHAIRMAN. The point here is not whether a man has a right to belong to a union or not to belong to the union, as I see it, or the right, necessarily, to hire union labor or not to hire union labor; but a union that has the authority or the power and exercises it to go out and strike an industry or a business because it will not employ union labor, ought to set an example and live up to the high standards of

unionism by employing union laborers when they have jobs to fill. Wouldn't you think so?

Mr. FURMAN. Yes, sir.

The CHAIRMAN. That is the point here that I would emphasize. Here is a union that will go out and strike others to compel them to join a union, and yet when they go to construct a project of their own, they disregard even the appeals of other unions to hire union people in that particular trade.

Mr. FURMAN. The reason we didn't picket this job is because it caused enough dissention in the community at that time without any extra people. If you go in and try to organize them, they would go down and tell them to try to organize your own people first and then come back.

Mr. KENNEDY. Isn't it correct that they used the company of Spero & Spero?

Mr. FURMAN. Yes, sir.

Mr. KENNEDY. That was the contractor that was nonunion. Isn't it a fact that they still use Spero & Spero for work there?

Mr. FURMAN. That is right.

Mr. KENNEDY. So still, any jobs that they have to get done, they are still using nonunion work; is that right?

Mr. FURMAN. Yes, sir.

Mr. KENNEDY. And isn't it correct that there is a union electrical contractor in the same town that is available to do the work?

Mr. FURMAN. Yes, sir.

Mr. KENNEDY. I think once again, Mr. Chairman, the point is that these people are not interested in the union members, but only interested in themselves.

That is all.

The CHAIRMAN. In other words, I certainly wouldn't attribute this to a general practice among union officials throughout the country and to different unions, but this does emphasize the exceptional characters who are operating this particular union, and how they operate it.

Mr. FURMAN. Very much so in that particular place, locality.

(At this point Senator Church withdrew from the hearing room.)

The CHAIRMAN. All right. Is there anything further?

Mr. KENNEDY. Thank you very much, Mr. Furman; you have been very, very helpful.

I would like to call Mr. Tierney, Mr. Chairman.

Mr. Furman testified that Mr. Gordon was staying at the Concord Hotel. I would like to have Mr. Tierney testify as to what the records of the Concord Hotel show.

The CHAIRMAN. All right, Mr. Tierney.

TESTIMONY OF PAUL J. TIERNEY—Resumed

Mr. KENNEDY. The Concord Hotel is an exclusive resort hotel, is it not?

Mr. TIERNEY. That is correct, sir.

Mr. KENNEDY. Do we find that Mr. Abe Gordon, the official of local 805 in New York City, had a year-round room at the Concord Hotel?

Mr. TIERNEY. That is correct.

Mr. KENNEDY. Do the records reveal he has been staying at the Concord Hotel since about 1954?

Mr. TIERNEY. Since about 1954; that is right.

Mr. KENNEDY. But their detailed records are only available for 1957 and 1958?

Mr. TIERNEY. From July 1957 forward.

Mr. KENNEDY. Do we find that he actually paid for his room up to the time we made our investigation, do we find that the Concord Hotel charged Mr. Gordon for his room?

Mr. TIERNEY. The records do not reflect any charge for the room.

Mr. KENNEDY. Would you tell what the records show?

Mr. TIERNEY. We obtained from the Concord Hotel a ledger card on an Abe Gordon. The ledger card, the initial card we obtained from them, ran from July 7, 1957 until May 9, 1959. The only charges reflected on the card are for telephone calls. There are no charges for room and board. This is an American plan hotel and the usual charges are for room and board. There are none reflected on this card at all.

Mr. KENNEDY. How much do you have to pay for your room ordinarily at the Concord Hotel?

Mr. TIERNEY. An average of around \$30 a day. With respect to Abe Gordon, the ledger shows that he made three \$1,000 payments during that period of July 1957 to May 1959. Inasmuch as there are no room charges, in effect, when we first looked at these records, he had a credit of some \$2,945.25.

When we attempted to get explanations we were advised by the manager of the hotel that he had made an oral special arrangement with Mr. Gordon whereby he held a room all year around at a rate of \$100 a week, and he could use the room continuously; it was at his disposal and he could use it whenever he wanted to.

Mr. KENNEDY. They said that instead of charging him perhaps \$200 a week they would charge \$100 a week?

Mr. TIERNEY. \$100 a week.

Mr. KENNEDY. But we even found the \$100 a week was not paid?

Mr. TIERNEY. It was not paid. So, after pressing them, finally on May 13, as a matter of fact in our presence, when we pressed them for details as to why the payments were not made, they then entered room charges of \$5,200 on May 13, 1959, for the period May 11, 1957, through May 1, 1958, and another \$5,200 on May 13, 1959, for the period May 1, 1958, to May 1, 1959.

The CHAIRMAN. You mean those entries had not been made until after your investigation was underway?

Mr. TIERNEY. That is correct, Mr. Chairman.

The CHAIRMAN. They made them as an afterthought?

Mr. TIERNEY. At that time or as of that time; then he had a balance of \$7,454.75.

Senator CURTIS. Owing, you mean?

Mr. TIERNEY. Yes, sir.

Senator CURTIS. Was he the guest of the hotel, or did someone else pay this?

Mr. TIERNEY. We have no evidence that anybody else paid it at all. Presumably he was a guest in the hotel. Do you mean in the sense he did not have to pay?

Senator CURTIS. A nonpaying guest.

Mr. TIERNEY. All we have is this record, Senator.

Senator CURTIS. You have no evidence pointing to any reason why they should provide him room and board free?

Mr. TIERNEY. No, none at all; and no evidence of any services he performed.

Mr. KENNEDY. Except, of course, that he was an important union official, and we are going into the labor relations activities of the Concord Hotel?

Mr. TIERNEY. That is correct.

Mr. KENNEDY. In several weeks; is that not right? They also employed the labor-management consulting firm of S.G.S.?

Mr. TIERNEY. That is correct.

Mr. KENNEDY. What does S.G.S. stand for?

Mr. TIERNEY. That stands for Schiller, Gambino & Saltzstein.

Mr. KENNEDY. Are they labor-management consultants?

Mr. TIERNEY. Yes, sir.

Mr. KENNEDY. Isn't it correct that Mr. Gambino attended the meeting at Apalachin?

Mr. TIERNEY. Yes, sir.

Mr. KENNEDY. One of the three partners of S.G.S. attended the meeting at Apalachin?

Mr. TIERNEY. That is correct.

Mr. KENNEDY. And they do labor-management consulting work in New York City?

Mr. TIERNEY. Yes, sir.

Mr. KENNEDY. And they were also on the payroll of the Concord Hotel?

Mr. TIERNEY. They were.

Mr. KENNEDY. Could you tell the committee what S.G.S. was paid?

Mr. TIERNEY. They had a contract with the Concord Hotel effective August 27, 1955, a 5-year contract, which called for a payment of \$40,000 the first year, and \$25,000 each year for the succeeding 4 years.

The CHAIRMAN. Is that \$40,000, for what?

Mr. TIERNEY. \$40,000 for the first year and \$25,000 for each of the succeeding 4 years. It was a 5-year contract.

The CHAIRMAN. That would be \$140,000 for 5 years for labor consultants?

Mr. TIERNEY. That is correct.

Mr. KENNEDY. They broke off, after we began our investigation on that, they terminated this contract with S.G.S.?

Mr. TIERNEY. Yes, sir.

The CHAIRMAN. How large a hotel is that?

Mr. TIERNEY. A very large hotel.

The CHAIRMAN. That would serve a chain of hotels, it would seem to me.

Mr. KENNEDY. Mr. Saltzstein also has a criminal record, does he not?

Mr. TIERNEY. That is correct.

Mr. KENNEDY. One of the partners in S.G.S. attended the meeting at Apalachin, and one of the other two has a criminal record?

Mr. TIERNEY. That is correct.

Mr. KENNEDY. And they got paid \$140,000 for labor-management consulting?

Mr. TIERNEY. That is correct, yes.

The CHAIRMAN. I wonder if the employees of that hotel belong to a union.

Mr. TIERNEY. They do. They belong to the Hotel & Restaurant Workers Union.

Mr. KENNEDY. We are going to go into that, Mr. Chairman, because we have a number of witnesses on that.

The CHAIRMAN. They have a substandard contract?

Mr. KENNEDY. We will go into the whole thing.

The CHAIRMAN. I thought it would lead to something.

All right. Call the next witness.

Mr. KENNEDY. The next witness, Mr. Chairman, at the request of Mr. Anslinger of the Bureau of Narcotics, asked that he not have his picture taken.

The CHAIRMAN. The cameras, photographers, will please desist.

Do you solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. WURMS. I do.

TESTIMONY OF IVAN WURMS

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. WURMS. Ivan Wurms. I am employed by the Federal Bureau of Narcotics, U.S. Treasury Department, 90 Church Street, New York.

The CHAIRMAN. All right proceed.

Mr. KENNEDY. This is another instance where we have received the cooperation and help of Mr. Anslinger and the Bureau of Narcotics.

The CHAIRMAN. As I recall, Mr. Anslinger has been most helpful to this committee from its very inception, and we have received very excellent cooperation from his office.

Mr. KENNEDY. That is correct.

You were a Federal narcotics agent attached to the New York office, and you were working in an undercover capacity in 1956; is that right?

Mr. WURMS. That is correct, sir.

Mr. KENNEDY. At that time, were you working on a man by the name of Bernard Blaustein?

Mr. WURMS. I was, sir.

Mr. KENNEDY. Who also was known as Bernard Barton?

Mr. WURMS. That is correct.

Mr. KENNEDY. And also known as Lou Bernie?

Mr. WURMS. Yes, sir.

Mr. KENNEDY. Did you establish a close intimate relationship with Mr. Blaustein from whom you made some purchases of narcotics, and Mr. Milton Holt of local 805?

Mr. WURMS. I did purchase narcotics from Blaustein.

Mr. KENNEDY. Did you establish a close relationship between Blaustein and Mr. Milton Holt of local 805?

Mr. WURMS. Yes, sir.

Mr. KENNEDY. Now, the Federal Narcotics Bureau became aware of Blaustein's activities in December of 1955 and January of 1956; is that correct?

Mr. WURMS. Mr. Blaustein was first mentioned in our files back in 1948 and in December of 1955 the opportunity presented itself whereby we could actively work on him. We received information from two separate sources which indicated that Blaustein was selling from 2 to 3 kilograms of cocaine every 10 days to 2 weeks. He was doing business with a number of Italians on the Lower East Side, and he was doing business with Negro dealers from Harlem, and he was closely associated with Isadore Shadalasky of Tampa, Fla. An associate of Shad is a person by the name of Salvatore Granello, who is affiliated with a union located at 1780 Broadway, too.

Mr. KENNEDY. Who is?

Mr. WURMS. Salvatore Granello.

Mr. KENNEDY. That is the location of local 805 of the International Brotherhood of Teamsters?

Mr. WURMS. Yes, sir.

Mr. KENNEDY. What union was Granello associated with at that time?

Mr. WURMS. That was local 130, and his position was vice president of the Amalgamated Local 130, Amalgamated Novelty Union Local 130, CIO, located in room 1201, back in 1956, 1780 Broadway.

Mr. KENNEDY. That just gives some of his associates. Did you also find him associated with Mr. Milton Holt at that time?

Mr. WURMS. That came about after the first transaction I had with Mr. Blaustein.

Mr. KENNEDY. Would you relate what happened in connection with that?

Mr. WURMS. Do you want the time Mr. Holt entered into the picture?

Mr. KENNEDY. Well, first you established that Milton Holt and Blaustein went to Florida together in late 1955.

Mr. WURMS. On subsequent investigation it disclosed that.

Mr. KENNEDY. Well, just follow it through chronologically.

Mr. WURMS. That was back in November 26, 1955. Blaustein, who registered under the name of Lou Bernie at the Fontainebleau Hotel, was with Milton Harvey, who we have identified as Milton Holt.

Mr. KENNEDY. Milton Holt registered at the hotel with Blaustein, and Holt used the name of Milton Harvey, and Blaustein used the name of Lou Bernie; is that correct?

Mr. WURMS. That is correct.

Mr. KENNEDY. That was on November 26, 1955?

Mr. WURMS. Yes, sir.

During the time another guest who stayed with Blaustein and Holt was a Joseph Meglino, who gave his residence as 35 Ridge Street, New York City.

Also in the party was Harry Shevitz, Irving Brown, Marvin Hodes, and on December 23, 1955, a William Rosen, and a Mac Chase, registered at the hotel.

On December 28, Bernie Barton and Milton Harvey—who was Milton Holt—joined William Rosen and Mac Chase.

Mr. KENNEDY. Some of these other individuals are of less importance to us, but he was there on November 26, 1955, and the two of them were there together, registered under aliases, and they were joined by certain other individuals at that time?

Mr. WURMS. That is correct.

Mr. KENNEDY. Then the next visit was on December 28, 1955; is that right?

Mr. WURMS. That is correct.

Mr. KENNEDY. At that time they joined two other individuals and again Holt registered under the name of Harvey; is that right?

Mr. WURMS. That is correct.

Mr. KENNEDY. Then on January 6 and again on February 2, 1956, they registered at the hotel again; is that right?

Mr. WURMS. That is correct, sir.

Mr. KENNEDY. Now, about this time did you have your initial meeting with Mr. Blaustein?

Mr. WURMS. Yes, sir.

Mr. KENNEDY. Would you relate what happened in connection with that?

Mr. WURMS. That was on February 4, 1956, and I met Bernard Blaustein, alias Lou Bernie, one and the same, at the Stage Delicatessen, 832 Seventh Avenue, New York City. I had a conversation with Blaustein, and he indicated that he could supply me with large quantities of cocaine.

I finally effected a purchase of 402 grains of cocaine, for which I paid Blaustein \$800, official U.S. Government advance funds. Arrangements were made with him for an additional purchase.

Mr. KENNEDY. That was transferred to him in the men's room at the Stage Restaurant?

Mr. WURMS. That is correct.

Mr. KENNEDY. At 832 Seventh Avenue; is that right?

Mr. WURMS. That is correct.

Senator CURTIS. Was he a union official at this time or a union employee; do you know?

Mr. WURMS. At that particular time, Senator, we had no knowledge of him being gainfully employed, and we had no idea who he was associated with, or with any unions at that time. It came out later.

Senator CURTIS. What did you learn later?

Mr. WURMS. Later we learned that he purchased a car and obtained a chattel mortgage from the National City Bank, and on the application for the chattel mortgage he listed his occupation with local 805, receiving a salary of \$10,000 per year, and his superior was Milton Holt.

Senator CURTIS. That is 805 of the Teamsters Union?

Mr. WURMS. That is correct, sir. And I believe it stated that he was employed there for a period of 10 years.

Mr. KENNEDY. Does the application further show in connection with this automobile that it was a Cadillac?

Mr. WURMS. 1956 Cadillac; yes, sir.

Mr. KENNEDY. And the purchase was made around January 20, 1956?

Mr. WURMS. Yes, sir.

Mr. KENNEDY. And did it show that there was a telephone call made to the local union to verify as to whether he was an employee?

Mr. WURMS. Yes, sir; and an official of the bank did call the union with a notation that a Mr. Holt was contacted.

Mr. KENNEDY. What was Mr. Holt's reply as to whether Mr. Blaustein was actually employed at the union or not?

Mr. WURMS. He gave an affirmative reply.

Mr. KENNEDY. And so the car was sold; is that right?

Mr. WURMS. Yes, sir.

Mr. KENNEDY. I believe we have the document.

The CHAIRMAN. This is along about February 1956, this car transaction you are talking about?

Mr. WURMS. That is the chattel mortgage you have there, sir?

The CHAIRMAN. This is an application for motorcar loan and agreement. This is what I have here.

Mr. WURMS. Yes, sir.

The CHAIRMAN. Are you familiar with it? Could you identify it?

Mr. WURMS. If I could see it, I could identify it.

The CHAIRMAN. I will present to you a photostatic copy of a document. I ask you to examine it and state if you identify it.

(The document was handed to the witness.)

Mr. WURMS. Yes, sir; this is the application made out by Bernard Blaustein and the notation made by the National City Bank that Mr. Holt was contacted. He was listed as secretary and treasurer.

The CHAIRMAN. Mr. Holt was secretary and treasurer?

Mr. WURMS. That is the notation.

The CHAIRMAN. And, according to that, he certified that Blaustein was employed by the union?

Mr. WURMS. Yes, sir; for a period of 10 years.

The CHAIRMAN. And had been for a period of 10 years?

Mr. WURMS. That is correct.

The CHAIRMAN. Did it show what his salary was? Does this application show Blaustein's salary?

Mr. WURMS. \$10,000 per year.

The CHAIRMAN. So obviously, he and Holt, according to the records at least, were associated together as representatives of that union?

Mr. WURMS. Yes, sir. I might add that Blaustein listed his position as labor relations business agent.

The CHAIRMAN. Labor relations business agent?

Mr. WURMS. Yes, sir.

The CHAIRMAN. All right. That may be made exhibit No. 39.

(Document referred to was marked "Exhibit No. 39" for reference and may be found in the files of the select committee.)

Senator CURTIS. Mr. Chairman——

The CHAIRMAN. Senator Curtis?

Senator CURTIS. Was Holt directly connected with the narcotics traffic, too?

Mr. WURMS. We could never make a case against Mr. Holt.

Senator CURTIS. But it did appear that he had a knowledge of Blaustein's activities?

Mr. WURMS. It was our impression that he knew of Blaustein's activities.

Senator CURTIS. That is all, Mr. Chairman.

The CHAIRMAN. Proceed.

Mr. KENNEDY. You made that first purchase from Blaustein for some \$800?

Mr. WURMS. That is correct, sir.

Mr. KENNEDY. And then there was a second meeting with Blaustein shortly afterward?

Mr. WURMS. Yes, sir; on February 8.

Mr. KENNEDY. That, again, was at the Stage Delicatessen?

Mr. WURMS. Yes, sir.

Mr. KENNEDY. And that meeting was watched by other narcotics agents?

Mr. WURMS. Yes, sir. It was under the surveillance of other agents.

Mr. KENNEDY. After meeting there, you and Blaustein took a walk down the street?

Mr. WURMS. Well, I would like to just interject one thing here. While I had a conversation at the Stage Delicatessen with Blaustein, he did say that he had to receive a phone call, and he subsequently did receive a phone call and shortly thereafter we left the Stage Delicatessen. He said he did contact his man.

Mr. KENNEDY. Was the second meeting again for you to make a purchase?

Mr. WURMS. That is correct, sir.

Mr. KENNEDY. Did you make the purchase in the restaurant?

Mr. WURMS. No, sir; not at that time.

Mr. KENNEDY. It was determined that you would meet later on that evening?

Mr. WURMS. Later that evening; yes, sir.

Mr. KENNEDY. So you came out of the restaurant and what happened then?

Mr. WURMS. We walked south on 7th Avenue to 52d Street east on 52d, and stood opposite the Hickory House and had a conversation.

Mr. KENNEDY. And what occurred at that time?

Mr. WURMS. Blaustein was telling me that he expected a large shipment of cocaine which would be wrapped in fishskin in a few days. He began to question me about my identity. Then he asked me if I wanted a connection to check on people in various cities, such as Chicago, Baltimore, or Washington, and he could find out if these people were all right, if you could deal with them, or if I wanted to check up on somebody.

I asked him who he knew in Washington. He mentioned a guy that just got out of jail, "and I am leery of him; he is big." I asked his name and he said his name was Bob Williams, that he was a big man, that he did a lot of business with him. He was big in "H", which is the terminology for heroin, and coke.

He asked me if I knew him and I told him I did hear of him. Bob Williams has been known to Washington area for quite a number of years. He is now in Sing Sing, Ossining, N.Y., serving a term of 2½ to 5 years, for an offense which was aiding and abetting a bail jumper in New York City, and there is a detainer lodged against him for a Federal narcotics violation.

Mr. KENNEDY. While the conversation was going on, did you notice that you were being scrutinized by three individuals?

Mr. WURMS. I noticed there were three individuals standing by the Hickory House, but I did not pay too much attention to them.

Mr. KENNEDY. Were these individuals or two of these individuals later identified?

Mr. WURMS. Yes, sir; they were.

Mr. KENNEDY. Who were they?

Mr. WURMS. Milton Holt and Daniel Ornstein, who is a trustee for local 805.

Mr. KENNEDY. After Blaustein left you, did he join these three men?

Mr. WURMS. Yes, sir. He crossed the street and joined them. There was another unidentified person. They walked to the parking lot and entered a 1956 Cadillac coupe de ville, New York license WS-7050, which was listed to Milton Holt at Wurtsboro, N.Y.

Mr. KENNEDY. Did some of your other agents follow that car?

Mr. WURMS. They followed the car to the vicinity of 56th Street and Broadway where they parked it in a parking garage. The four men proceeded to 1780 Broadway.

Mr. KENNEDY. 1780 Broadway was the headquarters of local 805?

Mr. WURMS. That is correct, sir.

Holt, Ornstein, and the unidentified third man got in the elevator. Blaustein remained in the lobby. A few minutes later, Blaustein's Cadillac drove up and the person driving it was identified as Clarence Jackson, alias Mookie. He is a Negro interstate violator and a convicted narcotic trafficker.

Blaustein held a 15-minute conversation with Jackson and then returned to 1780 Broadway and entered the offices of local 805.

Mr. KENNEDY. Then did you meet Blaustein later on that evening?

Mr. WURMS. I did, sir.

Mr. KENNEDY. According to the other narcotics agents who were keeping a surveillance on the union headquarters, Blaustein left there at 6 o'clock that evening?

Mr. WURMS. That is correct, sir.

The CHAIRMAN. Do you mean he left union headquarters?

Mr. WURMS. That is correct; came out of 1780 Broadway. My meeting with him was at 7 o'clock that evening.

The CHAIRMAN. In other words, according to the evidence up to now, he was a representative of the union?

Mr. WURMS. That is correct, sir.

The CHAIRMAN. He was employed by the union. He was operating out of the union hall?

Mr. WURMS. That is correct, sir.

The CHAIRMAN. That was in the course of making these narcotics deals.

Mr. WURMS. That is correct, sir.

Mr. KENNEDY. Incidentally, some of your agents followed the driver, and he went up to meet some other narcotics people further uptown in New York City, in Harlem; is that correct?

Mr. WURMS. Clarence Jackson was followed and he went to the Harlem area where he was observed to meet Dillard Morrison alias Red Dillon, William A. Stafford, who is also a narcotic violator, and they then discontinued the surveillance of Mookie Jackson and returned to the area of 1780 Broadway.

Mr. KENNEDY. Then, coming back to what happened to you personally, at 6 o'clock Blaustein left the headquarters and your agents followed him. What happened then?

Mr. WURMS. Blaustein, I believe, walked toward 60th Street and Columbus Circle, and then he retraced his steps and appeared to be

looking at all the passers-by. It appeared to be that he was looking to see if he was being followed. The surveillance agents knew where I was to meet Blaustein and, rather than make him apprehensive, they discontinued their surveillance and proceeded to the area of York Avenue.

Mr. KENNEDY. Did you meet with him then?

Mr. WURMS. I did, sir.

Mr. KENNEDY. What happened?

Mr. WURMS. At 7 o'clock I met Blaustein and we again had a conversation concerning the narcotics. I was going to pick up 2 ounces. He was concerned about that he had a quantity of narcotics on hand that he wanted to dispose of before he left for Florida.

We left the York Inn and we walked south on York Avenue. I believe it was 61st Street when Blaustein handed me a package which contained 2 ounces of cocaine. I handed him \$1,600 official Government advance funds.

Mr. KENNEDY. The arrest of Blaustein was held off at that time, was it not, in the hopes that you could find out where the source of the narcotics was?

Mr. WURMS. That is correct, sir.

Mr. KENNEDY. Was it felt that it was coming in through Florida?

Mr. WURMS. We received information that Blaustein was receiving the narcotics from Isadore Shadalasky, alias Buddy Shad, who received it from Cuba.

Mr. KENNEDY. Did Blaustein, in fact, go down to Florida and go to the Colonnades Hotel, from February 18 to March 5, 1956?

Mr. WURMS. He did, sir.

The CHAIRMAN. Who was this fellow he was supposed to be receiving it from in Florida?

Mr. WURMS. Isadore Shadalasky, alias Isadore Shad.

The CHAIRMAN. Had he been in the party that Holt and Blaustein had been meeting?

Mr. WURMS. Our investigation showed that Blaustein, Holt, and Shad knew each other.

The CHAIRMAN. You said that they met with certain other people down there. You named some of them a while ago. Was he included in those names?

Mr. WURMS. Not at the particular times that I mentioned, sir.

The CHAIRMAN. All right.

Mr. KENNEDY. At that time, when Blaustein went down to Florida, he met with Frankie Dioguardi; is that right?

Mr. WURMS. That is correct, sir.

Mr. KENNEDY. He is the brother of Johnny Dioguardi; is that correct?

Mr. WURMS. That is correct, sir.

Mr. KENNEDY. And Freddie Felice?

Mr. WURMS. Yes, sir; alias Freddie Franco.

Mr. KENNEDY. At that time was there also a meeting at the Club Ciro, in Miami, Fla., in the office of the Club Ciro?

Mr. WURMS. That is correct, sir.

Mr. KENNEDY. Weren't you able to determine that attending that meeting were Frank Dioguardi; his uncle, Jimmy Doyle alias James Plumeri; and George Baker?

Mr. WURMS. They were with the same group as Blaustein and Holt at the hotel. They were all together.

Mr. KENNEDY. Was Milton Holt also present?

Mr. WURMS. In the hotel; yes, sir.

Mr. KENNEDY. At the same time that these people were?

Mr. WURMS. No; not at the Club Ciro.

Mr. KENNEDY. At the hotel, then?

Mr. WURMS. At the hotel there was Jimmy Doyle, James Plumeri alias Jimmy Doyle, Milton Holt, Allie Gordon, George Baker, Blaustein, and Allen Smythe.

Mr. KENNEDY. Who participated in the meeting at Ciro's?

Mr. WURMS. That was Frankie Dio and Freddie Felice and other people.

Mr. KENNEDY. Other people?

Mr. WURMS. Yes, sir.

(At this point Senator Goldwater entered the hearing room.)

Mr. KENNEDY. The records at the hotel showed that Milton Holt joined Blaustein at the hotel on February 29 and registered under the name of Milton Harvey, do they not?

Mr. WURMS. Yes, sir.

(At this point Senator McClellan withdrew from the hearing room.)

Mr. KENNEDY. Subsequently, on March 5 and March 12, Blaustein took a trip to Cuba?

Mr. WURMS. He did, sir.

Mr. KENNEDY. And at that time he was in contact with this gentleman you mentioned earlier, Salvatore Granello?

Mr. WURMS. Yes, sir; who was associated with Buddy Shad.

Mr. KENNEDY. And at that time who was vice president of Amalgamated Local 130?

Mr. WURMS. That is correct, sir.

Mr. KENNEDY. Then, subsequently, your agents saw Holt and Blaustein together, both in Miami and in New York City; is that correct?

Mr. WURMS. That is correct, sir.

Mr. KENNEDY. They were frequently in one another's company?

Mr. WURMS. That is correct, sir.

Mr. KENNEDY. Did you receive information—I will just go back on some of these names. There seems to be some difficulty. Buddy Shad; is that right?

Mr. WURMS. That is correct.

Mr. KENNEDY. He was supposed to have been the source of some of these narcotics?

Mr. WURMS. That is the way we received the information.

Mr. KENNEDY. Closely associated with him was Salvatore Granello?

Mr. WURMS. That is correct, sir.

Mr. KENNEDY. And at that time, he was an associate of Blaustein and Shad, and at the same time was president of Amalgamated Local 130?

Mr. WURMS. That is correct, sir.

Mr. KENNEDY. Which was located in room 1201, at 1780 Broadway?

Mr. WURMS. That is right.

Mr. KENNEDY. The same building that local 805 was in?

Mr. WURMS. That is right.

Mr. KENNEDY. And as for the meeting down in Florida, where the group of people were all together, we had Jimmy Doyle, whose real name is James Plumeri?

Mr. WURMS. That is correct.

Mr. KENNEDY. The uncle of Johnny Dioguardi. We also had George Baker?

Mr. WURMS. That is correct.

Mr. KENNEDY. George Baker is a narcotics violator and was a witness before this committee as an officer of one of the paper locals. I don't know if you know that.

Mr. WURMS. Yes, and also at the time of Blaustein's arrest he had a business card from George Baker.

Mr. KENNEDY. Frankie Dioguardi was there, and he is Johnny Dioguardi's brother?

Mr. WURMS. That is correct.

Mr. KENNEDY. And Milton Holt?

Mr. WURMS. And another narcotic violator, Freddie Felice, alias Freddie Franco.

Mr. KENNEDY. How do you spell Lou Bernie?

Mr. WURMS. B-e-r-n-i-e.

Mr. KENNEDY. And Isadore Shadalasky?

Mr. WURMS. S-h-a-d-a-l-a-s-k-y.

Mr. KENNEDY. He is known as Buddy Shad?

Mr. WURMS. Buddy Shad.

Mr. KENNEDY. S-h-a-d?

Mr. WURMS. That is correct, sir.

(At this point Senator McClellan entered the hearing room.)

Mr. KENNEDY. On October 1, you received information that Blaustein and Holt were on their way to the west coast and believed to be carrying narcotics; is that right?

Mr. WURMS. That is correct, sir.

Mr. KENNEDY. October 1, 1956?

Mr. WURMS. Yes, sir.

Mr. KENNEDY. And did you find that when they arrived at the west coast that they registered at the Beverly Hills Hotel?

Mr. WURMS. They did, sir.

Mr. KENNEDY. Was an arrest made at the time at the Beverly Hills Hotel?

Mr. WURMS. Yes, sir.

(At this point Senator Curtis withdraw from the hearing room.)

Mr. KENNEDY. By representatives of the Bureau of Narcotics?

Mr. WURMS. Yes, sir.

Mr. KENNEDY. What did you find at that time? You did not find any narcotics on either one of them?

Mr. WURMS. No; no narcotics were found. A search of Milton Holt disclosed \$3,500 in his pocket.

Mr. KENNEDY. \$3,500 in cash?

Mr. WURMS. Yes, sir.

Mr. KENNEDY. Milton Holt had that?

Mr. WURMS. That is correct, sir.

Mr. KENNEDY. And Blaustein, what did he have?

Mr. WURMS. He had in his possession a dues book, No. 2396, of local 649, United Auto Workers Union, which was Johnny Dioguardi's local.

The dues book indicated initiation date of January 1950 and dues paid to may 1955. During the interrogation by Mr. Martin and Mr. Willse and myself of Blaustein, he indicated that he was unempolyed and it was very hard for him to obtain any medical benefits from Blue Cross, and he wanted to be protected in some way. Therefore, he went to his good friend Johnny Dio, and obtained a dues book.

Mr. KENNEDY. Which entitled him to be in the welfare fund; is that right?

Mr. WURMS. That is correct, sir.

Mr. KENNEDY. He also had a business card of George Baker, secretary-treasurer of the local?

Mr. WURMS. Yes, sir. I have those documents here, if you wish them.

The CHAIRMAN. As I understand, he got these without being a worker or a laborer, without being in a union? They were just furnished him gratuitously so that he could participate in the welfare fund?

Mr. WURMS. Yes, sir. He was very friendly with Johnny Dio.

The CHAIRMAN. You may present them, and they will be made exhibit No. 40.

(Documents referred to were marked "Exhibit No. 40" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. He also had an address book which contained a nonpublished telephone number of Holt; is that right?

Mr. WURMS. That is correct, sir.

Mr. KENNEDY. The phone number of Studio Frocks, which is a company that is owned by Harry Stromberg, alias Nig Rosen?

Mr. WURMS. Yes, sir.

Mr. KENNEDY. He is now serving a sentence on the importation of narcotics; is that right?

Mr. WURMS. That is correct.

Mr. KENNEDY. The phone number of Matt Forbes?

Mr. WURMS. Yes, sir.

Mr. KENNEDY. And Mr. Holt had stated that the reason he was on the west coast was to have a meeting with Matt Forbes; is that right?

Mr. WURMS. That is correct, sir.

Mr. KENNEDY. Who was Matt Forbes? Did you ever find that out?

Mr. WURMS. I don't believe we went into too much detail in our investigation, sir.

Mr. KENNEDY. Mr. Blaustein was subsequently convicted; is that correct?

Mr. WURMS. That is correct, sir.

Mr. KENNEDY. What sentence did he receive?

Mr. WURMS. He received the sentence of 3 years, and at the termination of his sentence he was placed on 3 years' probation.

Mr. KENNEDY. Did you find Mr. Milton Holt's name, as well as Mr. Abe Gordon's name, arising in the files of the Bureau of Narcotics in connection with frequent contacts with known narcotics violators?

Mr. WURMS. They did, sir.

Mr. KENNEDY. And that has been both prior and subsequent to the arrest of Blaustein; is that right?

Mr. WURMS. Yes, sir.

Mr. KENNEDY. For instance, Milton Holt and Abe Gordon have been in contact with Mr. Joseph Fleitell?

Mr. WURMS. That is correct, sir.

Mr. KENNEDY. And Mr. Fleitell is here in Washington, D.C., is that right?

Mr. WURMS. He lists his residence as 2500 Q Street NW., Washington, D.C.

Mr. KENNEDY. And you have information that he was one of those who carried narcotics between Washington, D.C., and New York City?

Mr. WURMS. Our information was such.

Mr. KENNEDY. That is just one example. There are others, are there not, of other contacts by Milton Holt and Abe Gordon with known narcotics violators?

Mr. WURMS. Yes, sir; especially Fleitell.

Mr. KENNEDY. And with other individuals also?

Mr. WURMS. Well, their names did crop up; yes, sir.

Mr. KENNEDY. Excuse me?

Mr. WURMS. Their names did come up.

Mr. KENNEDY. Well, I am thinking of Rocco Baera, Dominick Carminati, of the Bronx.

Mr. WURMS. Yes, sir. His father is now doing 10 years for narcotics.

The CHAIRMAN. Are there any questions?

Thank you very much.

Call the next witness.

Mr. KENNEDY. Could Mr. Martin put in Mr. Blaustein's record, Mr. Chairman?

The CHAIRMAN. You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. MARTIN. Yes, sir.

TESTIMONY OF GEORGE H. MARTIN

The CHAIRMAN. State your name.

Mr. MARTIN. George Martin, member of the staff of this committee.

The CHAIRMAN. Proceed.

Have you made an investigation in connection with the subject matter under inquiry?

Mr. MARTIN. Yes. Bernard Blaustein has New York City Police Department "B" No. 175178, and FBI No. 1723416. His record discloses arrests for attempted grand larceny, burglary tools, transportation of untaxed liquor, possession of unpaid alcohol, on which the tax was not paid; unlawful possession of liquor with unpaid tax; assault and rape. He was held on one occasion for investigation of murder, but dismissed, and then, of course, the narcotics arrest.

The CHAIRMAN. How many convictions did he have?

Mr. MARTIN. He has been convicted twice on the liquor cases.

The CHAIRMAN. And how many times for narcotics?

Mr. MARTIN. The two cases that agent Wurms testified to were treated as one. On January 2, 1957, he was sentenced to 3 years.

The CHAIRMAN. He is now serving a penitentiary sentence?

Mr. MARTIN. He has been released. He is on a conditional release at the present time.

The CHAIRMAN. Under probation?

Mr. MARTIN. He will start his probation in July of this year.

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Mr. George Kopecky.

The CHAIRMAN. Come forward, Mr. Kopecky.

You haven't been previously sworn?

Mr. KOPECKY. No, sir; not in this series.

The CHAIRMAN. You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. KOPECKY. I do.

TESTIMONY OF GEORGE M. KOPECKY

The CHAIRMAN. State your name, how long you have been with this committee, and in what capacity.

Mr. KOPECKY. Mr. Chairman, my name is George Kopecky. I have been with this committee for approximately 2½ years as a staff investigator.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Mr. Kopecky, have you made an investigation of some of the financial records of Mr. Gordon and Mr. Milton Holt?

Mr. KOPECKY. Yes, sir; I have.

Mr. KENNEDY. And both of those individuals refused to turn over their financial records?

Mr. KOPECKY. That is correct.

Mr. KENNEDY. So the investigation has been conducted of independent sources?

Mr. KOPECKY. That is right.

Mr. KENNEDY. As far as Mr. Abe Gordon is concerned, have we found that some of the money from the pension and welfare fund has ended up in his personal bank account?

Mr. KOPECKY. That is right.

Mr. KENNEDY. Have you been able to trace it directly from the welfare fund to his personal bank account?

Mr. KOPECKY. That is correct.

Mr. KENNEDY. Will you give us the occasions where you have found that?

Mr. KOPECKY. On November 1, 1956, he received a check from the welfare fund of \$2,092.99, and on another occasion on May 14, 1957, he received another check from local 805 welfare fund in the amount of \$2,000.

The CHAIRMAN. Were these checks made to him personally?

Mr. KOPECKY. Yes, sir.

The CHAIRMAN. Out of the fund?

Mr. KOPECKY. Yes, sir.

The CHAIRMAN. Is there any voucher to support them?

Mr. KOPECKY. No, sir.

The CHAIRMAN. Any indication on the record as to what the payments were made for?

Mr. KOPECKY. There had been an earlier entry with just an explanation that this was money that he had paid out personally.

The CHAIRMAN. In other words, claimed to be a reimbursement?

Mr. KOPECKY. That is right.

The CHAIRMAN. With no vouchers to substantiate it?

Mr. KOPECKY. No, sir.

The CHAIRMAN. What was the date of the first?

Mr. KOPECKY. November 1, 1956. The second was May 14, 1957.

The CHAIRMAN. All right.

Mr. KENNEDY. Did you find some other similar transactions?

Mr. KOPECKY. Yes. There is another situation wherein he received an amount of \$2,926.42 which, in effect, was paid by the welfare fund through a devious means or method, and, in addition, there is another check of \$1,000 which he drew out of a special checking account, and which he deposited in his own personal checking account to cover an overdraft.

The CHAIRMAN. What fund did that come out of?

Mr. KOPECKY. In effect, it was paid by the welfare fund.

The CHAIRMAN. This \$1,000 was paid by the welfare fund?

Mr. KOPECKY. Yes, sir.

Mr. KENNEDY. He had an overdraft and he took it out of the welfare fund to cover the overdraft?

Mr. KOPECKY. What happened was he had taken it out of a special bank account set up in his own name and that special bank account which had been set up in his own name had been set up through the use of welfare funds.

Mr. KENNEDY. So what was the total amount that we can trace?

Mr. KOPECKY. There is a total amount of \$8,019.41.

Mr. KENNEDY. That is \$2,926.42, on February 21, 1956; and on November 1, 1956, \$2,092.99; November 26, 1956, \$1,000; and May 14, 1957, \$2,000; is that right?

Mr. KOPECKY. That is correct.

The CHAIRMAN. Have you interviewed him regarding this money?

Mr. KOPECKY. I have made an attempt to interview him.

The CHAIRMAN. You attempted. With what results?

Mr. KOPECKY. Negative. He would not discuss the matter.

The CHAIRMAN. He wouldn't give any explanation of it?

Mr. KOPECKY. No, sir.

The CHAIRMAN. Are there any vouchers to support any of these funds?

Mr. KOPECKY. No, sir.

The CHAIRMAN. Did you examine the books of the welfare fund?

Mr. KOPECKY. That is right.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Mr. Gordon receives from the welfare fund a total, since September 15, 1950, a salary of \$189,235.11?

Mr. KOPECKY. That is correct.

The CHAIRMAN. What is his annual salary?

Mr. KOPECKY. It varies. It is on a percentage basis of the income received by the welfare fund.

The CHAIRMAN. From what period of time?

Mr. KOPECKY. September 15, 1950, is when the fund was put into effect, and up to the present time——

The CHAIRMAN. The present time? What is your cutoff date?

Mr. KOPECKY. May 31, 1959, which is the end of their fiscal year.

The CHAIRMAN. What is the total?

Mr. KOPECKY. Salary, \$189,235.11.

The CHAIRMAN. \$189,235.11. And expenses?

Mr. KOPECKY. \$36,561.95.

The CHAIRMAN. So he has received a grand total of what?

Mr. KOPECKY. \$225,797.06.

The CHAIRMAN. That is in a period of approximately 8½ years?

Mr. KOPECKY. Yes, sir.

The CHAIRMAN. Eight and a half years, a total of \$225,000. But salary amounted to over \$25,000 a year, and his expenses over \$4,000 a year?

Mr. KOPECKY. That is correct.

The CHAIRMAN. All right.

Mr. KENNEDY. He does not receive a salary from the union, as I understand it.

Mr. KOPECKY. That is right.

The CHAIRMAN. He is the administrator of the union's pension and welfare fund; that is his position?

Mr. KOPECKY. That is correct.

The CHAIRMAN. That is Gordon. The other one, Holt, is secretary-treasurer of 805?

Mr. KOPECKY. No. He is the secretary-treasurer of the local itself.

The CHAIRMAN. I said of 805.

Mr. KOPECKY. I am sorry. I didn't hear you.

Mr. KENNEDY. How many members are there in 805? Do you know?

Mr. KOPECKY. Roughly, 2,000.

Mr. KENNEDY. And on the welfare fund, Mr. Gordon did not receive a set salary. He received a percentage of all that was collected; is that right?

Mr. KOPECKY. That is correct.

Mr. KENNEDY. It started out at 10 percent and then went down to 9 percent last year and now it is 8 percent?

Mr. KOPECKY. That is salary; yes, sir.

Mr. KENNEDY. Then he receives what expenses?

Mr. KOPECKY. Two percent of the income for expenses.

Mr. KENNEDY. And there are no vouchers for his expenses?

Mr. KOPECKY. No, sir.

Mr. KENNEDY. In addition to that, he has a 1959 Cadillac Coupe de Ville; is that correct?

Mr. KOPECKY. That is correct.

Mr. KENNEDY. Which is rented by the welfare fund for him for \$238 a month?

Mr. KOPECKY. That is correct.

The CHAIRMAN. Is that part of this expense or is that in addition?

Mr. KOPECKY. In addition.

The CHAIRMAN. How long has he been getting that?

Mr. KOPECKY. The rental of this 1959 Cadillac began in October of 1958.

The CHAIRMAN. Had there been a comparable arrangement previous to that?

Mr. KOPECKY. Prior to that he was getting a flat car-expense allowance.

The CHAIRMAN. In addition to these other expenses?

Mr. KOPECKY. Yes, sir.

The CHAIRMAN. What was the amount of that flat allowance prior to this?

Mr. KOPECKY. I don't have that with me at this point.

Mr. KENNEDY. In what areas, Mr. Kopecky, does local 805 operate?

Mr. KOPECKY. Being the Tobacco Drivers and Confectionery Drivers Union, and in the cigarette and tobacco vending industry.

Mr. KENNEDY. What salary does Mr. Holt receive from the union?

The record shows, I believe, approximately \$16,500.

Mr. KOPECKY. Approximately \$16,000. There is a slight variance from year to year, but it is approximately \$16,000 a year.

Mr. KENNEDY. He is secretary-treasurer of the local?

Mr. KOPECKY. That is correct.

Mr. KENNEDY. Do we find that he has had any financial transactions with some of the employers with whom the union has contracts?

Mr. KOPECKY. That is correct.

Mr. KENNEDY. Specifically what company?

Mr. KOPECKY. That would be the National Vending Corp., which is now known as Continental Industries, Inc.

Mr. KENNEDY. Is that one of the major companies in the country?

Mr. KOPECKY. It is.

Mr. KENNEDY. What do they do?

Mr. KOPECKY. They manufacture vending machines, principally cigarette vending machines, and in addition to that they service the routes where these machines are located.

Mr. KENNEDY. Is that a nationwide company?

Mr. KOPECKY. It is.

Mr. KENNEDY. Who is head of that company?

Mr. KOPECKY. Harold Roth is the president.

Mr. KENNEDY. R-o-t-h?

Mr. KOPECKY. R-o-t-h.

Mr. KENNEDY. Who are the other officers? Is there one particular officer in whom we are interested?

Mr. KOPECKY. Well, there is a Mr. Herbert Sternberg, who is the executive vice president of the Valley Commercial Corp. Mr. Roth is the president of Continental Industries and is also secretary of Valley Commercial, and for all intents and purposes, the two companies are affiliates.

Mr. KENNEDY. What does Valley Commercial do?

Mr. KOPECKY. Valley Commercial is a factoring or finance company that discounts the notes obtained by the Continental Industries Co. in the course of its business.

Mr. KENNEDY. Mr. Harold Roth has another position, does he?

Mr. KOPECKY. Yes. Mr. Roth is also president of the U.S. Hoffman Machinery Corp.

Mr. KENNEDY. H-o-f-f-m-a-n?

Mr. KOPECKY. Yes, sir.

Mr. KENNEDY. Hoffman Machinery Corp.?

Mr. KOPECKY. Yes, sir.

Mr. KENNEDY. That is one of the biggest companies in the country; is that correct?

Mr. KOPECKY. It is a major corporation, listed on the New York Stock Exchange.

Mr. KENNEDY. Had Mr. Roth been associated with the Herald Vending Corp.?

Mr. KOPECKY. In prior years he had been associated with the Herald Vending Corp., and withdrew approximately around 1950.

Mr. KENNEDY. And had Mr. Milton Holt been indicted with the Herald Vending Corp. in 195— what year?

Mr. KOPECKY. The indictment was filed in 1954, and Mr. Holt, of local 805, the Herald Vending Corp., and others were indicted.

Mr. KENNEDY. For what reason?

Mr. KOPECKY. The charge was violation of the Sherman Antitrust Act.

Mr. KENNEDY. What was it found that they were doing?

Mr. KOPECKY. The indictment charges generally that it was—

Mr. KENNEDY. Control of trade?

Mr. KOPECKY. Control of trade, locations, and competition.

Mr. KENNEDY. And the use of the union as an enforcement arm for this company?

Mr. KOPECKY. It specifies—

members of local 805 refused to service vending machines of member operators of the association who failed to conform; local 805 to boycott locations, local 805 to carry out, enforce, and police the allocations of locations by persuading and compelling member operators who failed to conform.

Mr. KENNEDY. Were they found guilty on that?

Mr. KOPECKY. Yes.

Mr. KENNEDY. Mr. Roth was not mentioned in that indictment, although some of the acts went back to the 1940's; is that right?

Mr. KOPECKY. The indictment specifies that these acts go back to 1936.

Mr. KENNEDY. Was Mr. Holt also indicted for perjury?

Mr. KOPECKY. Yes.

Mr. KENNEDY. He was found guilty of perjury?

Mr. KOPECKY. Yes, sir.

Mr. KENNEDY. And he received a suspended sentence. That was just last year, was it not?

Mr. KOPECKY. Yes, sir; that is correct.

Mr. KENNEDY. Would you tell us what financial deals or dealings there have been between the Continental Industries and Valley Commercial with Mr. Milton Holt while he was an officer of this local?

Mr. KOPECKY. Continental Industries and its officers?

Mr. KENNEDY. Yes.

Mr. KOPECKY. Beginning in October of 1957, certain officers of Continental Industries have either loaned or made arrangements for personal loans to Mr. Holt, totaling eight in number for a total of known loans through the present date of \$243,600.

The CHAIRMAN. How are they secured?

Mr. KOPECKY. Some were secured, others, Mr. Chairman, were unsecured and without interest.

The CHAIRMAN. All of them without interest?

Mr. KOPECKY. Not all of them. Certain of them.

The CHAIRMAN. Some are unsecured and without interest?

Mr. KOPECKY. Yes, sir.

The CHAIRMAN. Give a breakdown of the amounts. Did you say there was a total of eight?

Mr. KOPECKY. Yes, sir.

The CHAIRMAN. Give a breakdown of the amounts. This is within what period of time?

Mr. KOPECKY. Beginning October 18, 1957, through the present date.

The CHAIRMAN. From 1957 to the present? A little less than 2 years' time?

Mr. KOPECKY. Yes, sir.

The CHAIRMAN. Eight separate loans?

Mr. KOPECKY. Yes, sir.

The CHAIRMAN. Give the amounts and the order.

Mr. KENNEDY. And how they were arranged and from whom.

The CHAIRMAN. First give the amounts and we will see how they run. We will see the size of them. Then give the details.

Mr. KOPECKY. The first loan was October 18, 1957, \$20,000; the second loan, October 18, 1957, \$30,000; the third loan, April 10, 1959, \$35,000; April 15, 1959, \$54,600; May 1, 1959, \$12,000; April 19, 1959, \$27,000; April 20, 1959, \$55,000; and in May of 1956, \$10,000.

The CHAIRMAN. 1956?

Mr. KOPECKY. Yes, sir.

This is a recent loan which I learned about in the past day so I have to qualify that. All of the others begin in October 1957, with the exception of this one \$10,000 loan.

The CHAIRMAN. There is a \$10,000 loan included in this that was in 1956?

Mr. KOPECKY. Yes, sir.

The CHAIRMAN. All right.

Now, you may give detailed information with respect to the securities.

First I will ask you: Have these loans been repaid? Can you tell what is outstanding, the total outstanding and the amounts?

Mr. KOPECKY. Yes, I can.

The CHAIRMAN. Let us have the total outstanding indebtedness.

Mr. KOPECKY. At the present time there is a total of \$117,000 which is still outstanding.

The CHAIRMAN. Now give us that that is secured and unsecured and let's ascertain, if we can, how much of the outstanding indebtedness is unsecured.

Mr. KOPECKY. I can do that with regard to the \$117,000 that is still outstanding.

Sixty-two thousand dollars is unsecured.

The CHAIRMAN. Just about half of it?

Mr. KOPECKY. That is right. And the other \$55,000 loan, which was arranged through a bank, is secured. It is secured with stock put up in Continental Industries by Mr. Holt.

The CHAIRMAN. What part of the outstanding indebtedness bears no interest? Can you tell us that? I assume it would be part of the unsecured.

Mr. KOPECKY. That is correct; \$27,000.

The CHAIRMAN. Is unsecured. In other words, about half of the unsecured indebtedness bears no interest?

Mr. KOPECKY. That is correct.

Mr. KENNEDY. Can we go through them one by one, Mr. Chairman?

The CHAIRMAN. All right. Maybe I was a little ahead of the thing, but I wanted to get that information.

Mr. KOPECKY. The first loan, on October 18, 1957, for \$20,000, was obtained by Mr. Holt from the Franklin National Bank, of Franklin Square, N.Y. This has since been repaid, and at the time Mr. Holt put up 7,000 shares of stock of Continental Industries, which he had owned. The bank representatives have indicated that someone at Continental had made the arrangements through the bank for this loan.

At the same time——

Mr. KENNEDY. That was at 6 percent interest?

Mr. KOPECKY. Yes, sir.

Mr. KENNEDY. So that we get the record straight, these transactions are all with or on behalf of an employer who has contracts with this local?

Mr. KOPECKY. That is correct.

The Chairman. In other words, he is borrowing it as an officer of the local; he is borrowing money from a business firm that he makes bargaining contracts with.

Mr. KOPECKY. That is right; either borrowing it directly from the firm or through some intermediary with the help of the firm.

The CHAIRMAN. We have passed legislation through the Senate that would take care of this very problem, if we can get the House to agree.

Mr. KOPECKY. Yes, sir.

The second loan was made at the same time in the amount of \$30,000, and this was obtained by Milton Holt from the Valley Commercial Corp.

This was made through a rather devious means. The loan was——

Mr. KENNEDY. Did you point out the fact that on this \$20,000 from the Franklin National Bank, the bank representatives have given us information that the loan was made because they had received a call from Continental Industries recommending that the loan be made?

Mr. KOPECKY. Yes, sir.

Mr. KENNEDY. And at that time Holt purchased \$20,000 worth of U.S. Hoffman Machinery Corp. stock; is that right?

Mr. KOPECKY. Actually, he used the \$20,000 to purchase \$30,000 worth, because the margin requirements permitted him to purchase more. He only needed \$20,000 in cash to buy \$30,000 worth of stock.

The CHAIRMAN. To purchase it on margin?

Mr. KOPECKY. Yes, sir.

Mr. KENNEDY. He has since sold that stock and received a net profit of \$10,304.55?

Mr. KOPECKY. That is correct.

Mr. KENNEDY. He sold it in 8 months, June of 1958?

Mr. KOPECKY. That is correct.

Mr. KENNEDY. This is the same company, U.S. Hoffman Machinery Corp., of which Mr. Roth is president?

Mr. KOPECKY. Mr. Roth is also president of that corporation.

There was a second loan in the amount of \$30,000 obtained by Mr. Holt from the Valley Commercial Corp., on the same day.

Mr. KENNEDY. What was the Valley Commercial Corp.?

Mr. KOPECKY. That is, for all intents and purposes, an affiliate of Continental Industries. They share space at the same location, and it is a factoring organization. It is a finance organization.

The CHAIRMAN. In other words, it finances the sales of the other, takes up the notes, and so forth.

Mr. KOPECKY. That is correct.

And Mr. Holt obtained the loan from a firm known as Adams Associates. Adams Associates is a financial investment organization, and one of the principals of this Adams Associates is the CPA for Valley Commercial Corp. and Continental Industries. I have an affidavit from the principal in that firm, and he indicated that the loans were made at the behest of Mr. Sternberg, and that——

Mr. KENNEDY. Who is Mr. Sternberg?

Mr. KOPECKY. The executive vice president of Valley Commercial and a business associate of Mr. Roth.

The CHAIRMAN. The affidavit may be made exhibit No. 41.

(Affidavit referred to was marked "Exhibit No. 41" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. So this loan was actually made from Adams Associates at the request of Mr. Sternberg, who is an executive vice president of Valley Commercial Corp.; is that right?

Mr. KOPECKY. That is correct.

Mr. KENNEDY. And what interest was paid on that?

Mr. KOPECKY. No interest.

The CHAIRMAN. Has it been repaid?

Mr. KOPECKY. Yes, that one has been repaid.

Mr. KENNEDY. And that loan was personally guaranteed by Herbert Sternberg; is that right?

Mr. KOPECKY. It was guaranteed and then the loan was immediately reimbursed to Adams Associates by Valley Commercial Corp., so, in effect, Valley Commercial Corp. made the loan.

Mr. KENNEDY. And there was no security on that loan?

Mr. KOPECKY. No security.

Mr. KENNEDY. Interest free and no security?

Mr. KOPECKY. That is correct.

Mr. KENNEDY. The same kind of procedure was used on the \$54,600 loan?

Mr. KOPECKY. Yes. With regard to the second loan of \$30,000, made at the same time as the first one, Mr. Holt again bought some additional stock of the U.S. Hoffman Machinery Corp. With this \$30,000 he was able to buy \$40,000 worth of stock of U.S. Hoffman Machinery. Mr. Roth is the president of that. He has since sold all of that stock.

Mr. KENNEDY. What profit did he get on that?

Mr. KOPECKY. In excess of \$23,000.

The CHAIRMAN. So on the two loans by the purchase of stock, he made in excess of \$30,000?

Mr. KOPECKY. Yes, sir.

The CHAIRMAN. Over a period of what time?

Mr. KOPECKY. Over a period of 15 months.

The CHAIRMAN. Fifteen months?

Mr. KOPECKY. With money he did not put up himself.

The CHAIRMAN. From money that he actually got by reason of his official connection with the union and its business relations with the company?

Mr. KOPECKY. That is correct.

The CHAIRMAN. In other words, he was actually getting the loans from management, with whom his union has bargaining contracts?

Mr. KOPECKY. That is correct. And in the affidavit which I obtained from Adams Associates, they indicated that they did not know who Mr. Holt was, that they now know who Mr. Holt is, and had they known of the connection between Mr. Holt and Continental Industries, that they would not have agreed to making such loans.

Next we come to the third loan in the amount of \$35,000, which was made April 10, 1959. Within a 5-day period there was an additional loan of \$54,600, and within another 2-week period, on May 1, 1959, there was an additional loan of \$12,000.

These loans to Milton Holt were arranged by Herbert Sternberg, the executive vice president of Valley Commercial Corp. The \$35,000 loan is still outstanding.

Mr. KENNEDY. From whom was that loan made?

Mr. KOPECKY. Mr. Holt obtained that from Adams Associates.

Mr. KENNEDY. In the same manner?

Mr. KOPECKY. In the same manner as I described previously.

Mr. KENNEDY. No interest?

Mr. KOPECKY. On that particular loan, Adams Associates charged 6-percent interest because they were not reimbursed by Valley Commercial. They felt since it was their own money that they were expending—

Mr. KENNEDY. Was that secured?

Mr. KOPECKY. That is not secured, but the note is endorsed and personally guaranteed by Mr. Herbert Sternberg.

Mr. KENNEDY. What about the \$54,000?

Mr. KOPECKY. That was a short-term loan which was unsecured and without interest and has been repaid.

Mr. KENNEDY. What about the \$12,000?

Mr. KOPECKY. The \$12,000 was also a short-term proposition. In that instance, Adams Associates loaned the money to Mr. Holt at the request of Herbert Sternberg of Valley Commercial, and Mr. Holt gave Adams Associates his personal post-dated check, approximately for a 3-week loan, and when the date of the check came due they put the check in for deposit and it cleared.

Mr. KENNEDY. How was he able to arrange the purchase of stock and the quick profit on the United States Hoffman International Corp. or Hoffman Machinery?

Mr. KOPECKY. I didn't hear you.

Mr. KENNEDY. How was he able to arrange the quick profit on the purchase of the Hoffman stock?

Mr. KOPECKY. The price of the stock went up on the market.

Mr. KENNEDY. Was that any arrangement between the two of them as far as we know?

Mr. KOPECKY. No.

Mr. KENNEDY. The stock just happened to go up?

Mr. KOPECKY. The stock just happened to go up.

Mr. KENNEDY. He didn't receive any stock rights, not given to the general public?

Mr. KOPECKY. No. He made his purchase on the open market at the going price at the time.

Mr. KENNEDY. The next one is \$27,000?

Mr. KOPECKY. Yes. Then in April 1959 there was a sixth loan. This was made over a short period of time by personal checks paid directly by Mr. Sternberg to Milton Holt, checks totaling \$27,000. This loan is presently outstanding. It is unsecured and it is without interest.

With regard to the purpose of this loan, all that is known is that during this period of time Mr. Holt made substantial investments, which he still owns in the stock of the United States Hoffman International Corp. This is separate from United States Hoffman Machinery. But at one time it used to be part of the United States Hoffman Machinery Corp.

Mr. KENNEDY. And is Mr. Harold Roth the officer in that, also?

Mr. KOPECKY. He has indicated that he is the principal stockholder but not an officer. He is on the board.

Mr. KENNEDY. Then \$55,000?

Mr. KOPECKY. And loan No. 7, this loan was granted to Mr. Holt by the Franklin National Bank in the amount of \$55,000. There are indications by correspondence from the Franklin National Bank that Mr. Roth made arrangements for this loan. This loan was secured.

Mr. Holt put up 13,000 shares of stock, which he owned in Continental Industries. At that time the stock was worth about \$7 a share. He put this stock up as collateral for the loan. This loan is still outstanding.

Mr. KENNEDY. In addition, at the time of the loan being made, we received information from the bank officers that Holt promised the bank he would transfer some union funds to the Franklin National?

Mr. KOPECKY. Yes. There is a memorandum on file at the bank to the effect that when Mr. Holt obtained the loan of \$55,000, he would agree to transfer some union accounts to that particular bank.

Mr. KENNEDY. Can we have that made an exhibit, or can we have all the records made an exhibit at one time?

The CHAIRMAN. All of the documents you have, supporting the testimony you have given regarding these loan transactions, Mr. Holt, these employers and other financing agencies, may be made exhibit No. 42, in bulk. The clerk is instructed where apparently they can be separated by lettering, to letter them in relation to the time you have testified to them.

Mr. KOPECKY. I have all of those documents, Mr. Chairman.

The CHAIRMAN. They may be submitted.

(Documents were marked "Exhibit No. 42" for reference and may be found in the files of the select committee.)

The CHAIRMAN. What is this memorandum about? You may refer to that specifically at this time, some memorandum where they agreed to deposit union funds in the bank in order for Holt to have this loan.

Mr. KOPECKY. I have it right here. It was prepared by the assistant cashier to the bank. I will read an excerpt from it:

Mr. Holt was introduced to Mr. Clifford—

who is the senior vice president of the bank—

and the writer by Harold Roth of Continental Industries. Mr. Holt is treasurer of local 805 of the Teamster.

It goes on, and then it ends:

In the meantime, he has established his account with us and he has taken steps to transfer some union accounts over to our bank.

The CHAIRMAN. Did you pursue it to find out whether any accounts of union funds were actually placed in the bank?

Mr. KOPECKY. Yes, sir; I did. This is dated April 16, 1959. As yet, no transfer of accounts has been made.

The CHAIRMAN. The agreement is there since April, but as of your last check no funds have been deposited?

Mr. KOPECKY. This agreement has not been carried out as yet.

The CHAIRMAN. As yet. But the loan is in effect?

Mr. KOPECKY. Yes, sir; the loan was made.

The CHAIRMAN. And the loan is outstanding?

Mr. KOPECKY. Yes, sir.

Mr. KENNEDY. Mr. Holt presently owns at least 23,000 shares of stock of the Continental Industries, Inc.; is that right?

Mr. KOPECKY. That is correct.

Mr. KENNEDY. What is the market value of that?

Mr. KOPECKY. Approximately \$7 a share.

Mr. KENNEDY. Or how much, totally?

Mr. KOPECKY. A total of \$161,000.

The CHAIRMAN. The committee will stand in recess until 2 o'clock. (Whereupon, at 12:15 p.m., the select committee recessed, to reconvene at 2 p.m. the same day.)

(Members of the select committee present at the taking of the recess were Senators McClellan and Goldwater.)

AFTERNOON SESSION

(The select committee reconvened at 2 p.m., Senator John L. McClellan (chairman of the select committee) presiding.)

The CHAIRMAN. The committee will come to order.

(Members of the select committee present at time of reconvening: Senators McClellan and Ervin.)

The CHAIRMAN. Mr. Kennedy, you may proceed. Mr. Kopecky has resumed the stand.

TESTIMONY OF GEORGE M. KOPECKY—Resumed

Mr. KENNEDY. Would you explain the last transaction that we have?

Mr. KOPECKY. Yes. I will continue where I left off this morning. I was discussing loan No. 7 in the sequence.

Mr. KENNEDY. That was the \$55,000 one?

Mr. KOPECKY. Yes, sir.

Mr. KENNEDY. Was that with interest?

Mr. KOPECKY. That is correct.

Mr. KENNEDY. What interest was paid on that one?

Mr. KOPECKY. There was an interest rate of 6 percent.

Mr. KENNEDY. Was it secured?

Mr. KOPECKY. It was secured at the time Mr. Holt got the loan. He put up 13,000 shares of stock in Continental Industries as collateral.

Mr. KENNEDY. Now we come to the transaction in May of 1956, which is somewhat different, and which is the last transaction.

Mr. KOPECKY. Yes. That is the last loan in the ones I described, and it goes back to May 1956.

The CHAIRMAN. You speak of it as last. In terms of the calendar, it is actually the first?

Mr. KOPECKY. Yes, sir. This was a loan which was arranged and given to Mr. Holt by Harold Roth, who is the president of Continental Industries. In May of 1956 the corporation decided to have a stock issue of some 400,000 shares of stock which would be sold to close friends, to relatives, to officers, and certain business associates.

The CHAIRMAN. What corporation is that?

Mr. KOPECKY. This was the predecessor corporation of Continental Industries.

The CHAIRMAN. What was the name of it?

Mr. KOPECKY. The National Vending Corp.

The CHAIRMAN. Was it owned by the same people, primarily, who owned—what was the name of the other company?

Mr. KOPECKY. Continental Industries.

Yes, sir. There was just a change in the name at a later date.

The CHAIRMAN. In other words, the National Vending Corp.'s name was later changed to Continental Industries, Inc., as it is now known today.

The CHAIRMAN. And at that time, in 1956, it proposed to issue and sell stock?

Mr. KOPECKY. 400,000 shares.

The CHAIRMAN. Now proceed.

Mr. KOPECKY. This stock was allocated to a group of friends, business associates, relatives, and officers, and included among this group of some 30 people was Mr. Holt, who was allocated 12,000 shares.

The CHAIRMAN. 12,000 out of how many?

Mr. KOPECKY. 12,000 shares, and it was out of 400,000.

The CHAIRMAN. How was he listed, as a relative, a friend, or what?

Mr. KOPECKY. That would be a presumption on my part.

The CHAIRMAN. Well, he was unlisted. He just happened to be on the list?

Mr. KOPECKY. That is correct.

The CHAIRMAN. But his relationship and his interest and the cause for favoring him with an opportunity to buy was not made note of?

Mr. KOPECKY. That is right. When I questioned the people at the company and determined the identity of the other people, the other people were described to me as close friends, as relatives, as business associates, as officers, and Mr. Holt was described as a union official.

The CHAIRMAN. Which is accurate.

Mr. KOPECKY. That is correct.

The CHAIRMAN. All right. Proceed.

Mr. KOPECKY. This 12,000 shares allocated to Mr. Holt was sold to him or had a value of \$30,000. It would appear from my examina-

tion of the records that Mr. Holt personally paid for \$14,000 worth.

The CHAIRMAN. What was that? What was the stock listed at? What was it to sell for, the 400,000 shares?

Mr. KOPECKY. \$2.50 a share.

The CHAIRMAN. \$2.50 a share?

Mr. KOPECKY. Right.

The CHAIRMAN. That would be \$30,000 for 12,000 shares. That was allocated to Mr. Holt?

Mr. KOPECKY. Yes, sir.

The CHAIRMAN. What happened with respect to it?

Mr. KOPECKY. He paid, personally, \$14,000, leaving a balance of \$16,000 that he did not pay for, according to the records. This was supposed to have been a transaction handled directly between the company and Mr. Holt.

Mr. KENNEDY. Finish what happened, please, Mr. Kopecky.

Mr. KOPECKY. Harold Roth's personal checking accounts reflect that he loaned \$10,000 to Milton Holt at this time to pay for part of the stock. There is unanswered at this time as to how the balance of \$6,000 was paid for or was given.

The CHAIRMAN. How much did Holt put into it himself, in cash?

Mr. KOPECKY. I determined that in May of 1956 he put in \$14,000. There are indications in Mr. Roth's personal checking accounts that he received another \$10,000 in May of 1957.

The CHAIRMAN. So far as the records are concerned, then, there is \$6,000 unaccounted for?

Mr. KOPECKY. That is correct.

The CHAIRMAN. We are not saying that he didn't pay the money. The records as of now do not show that it was paid?

Mr. KOPECKY. That is correct.

Mr. KENNEDY. There was \$30,000 worth of stock. He put up \$14,000. It would then appear that he received a loan of \$10,000 from Roth at that time?

Mr. KOPECKY. At that time; yes, sir.

Mr. KENNEDY. Interest free?

Mr. KOPECKY. I don't have that information. There has been no discussion. I have not received any answer to that question.

Mr. KENNEDY. There doesn't appear to be?

Mr. KOPECKY. There doesn't appear to be any evidence or documents.

Mr. KENNEDY. Has that \$10,000 been repaid?

Mr. KOPECKY. There are indications the \$10,000 was received by Mr. Roth in his personal checking accounts a year later and there is a notation that it was received from Milton Holt.

Mr. KENNEDY. Then at least from the records, and we will have Mr. Roth here, it would appear that he loaned the \$10,000, because he paid the \$10,000 a year later.

Mr. KOPECKY. A year later.

Mr. KENNEDY. But, from the records, again, it would appear that there was no interest paid on it?

Mr. KOPECKY. That is right.

Mr. KENNEDY. And the transaction was handled so that the rest of the money, after the \$14,000 Holt personally put up, the rest of the money was to be supplied by the company itself?

Mr. KOPECKY. That is right.

Mr. KENNEDY. And Mr. Roth did provide \$10,000 which he charged as a debt from Milton Holt?

Mr. KOPECKY. Yes.

Mr. KENNEDY. And the other \$6,000 which was to come from the company, on that we don't know whether Mr. Holt repaid that or not?

Mr. KOPECKY. All of that is correct.

Mr. KENNEDY. The record shows that the money was to come from the company, and we know that \$10,000 of the \$16,000 which was to come from the company came from Mr. Roth?

Mr. KOPECKY. That is correct.

Mr. KENNEDY. And was repaid by Milton Holt subsequently?

Mr. KOPECKY. That is right.

The CHAIRMAN. One other point: Did the National Vending Corp. at the time of issuing this stock have a bargaining contract with local 805?

Mr. KOPECKY. That is right, Mr. Chairman.

The CHAIRMAN. In other words, Holt was the officer in local 805?

Mr. KOPECKY. He was the secretary-treasurer.

The CHAIRMAN. He was buying the stock of this company with whom his union had a contract; he was borrowing money from the president of this company; is that right?

Mr. KOPECKY. That is correct.

The CHAIRMAN. To help him finance the purchase of the stock. We have an accounting here of \$24,000 out of the \$30,000 purchase.

Mr. KOPECKY. That is correct.

The CHAIRMAN. \$6,000 as of now, at least, is unaccounted for?

Mr. KOPECKY. That is correct.

Mr. KENNEDY. Who signed the contracts for this company?

Mr. KOPECKY. All I have is an unsigned contract and it was indicated by Mr. Holt that he was not certain as to whether he signed it—Mr. Roth indicated he is not certain whether he signed it or not, but he indicated that he negotiated the contract.

Mr. KENNEDY. And Mr. Milton Holt negotiates or helps negotiate the contracts for local 805?

Mr. KOPECKY. That is right.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Mr. Roth and Mr. Sternberg.

The CHAIRMAN. The two witnesses, come forward.

Counsel may arrange a seat in between them, if he likes.

The witnesses will be sworn.

Do you and each of you solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. ROTH. I do.

Mr. STERNBERG. I do.

TESTIMONY OF HERBERT S. STERNBERG AND HAROLD ROTH,
ACCOMPANIED BY COUNSEL, ARTHUR N. FIELD

The CHAIRMAN. The witness on my left, will you give your name, your place of residence, and your business or occupation, please, sir?

Mr. STERNBERG. Herbert S. Sternberg, Syosset, Long Island. I am vice president of Valley Commercial Corp.

The CHAIRMAN. Vice president.

Mr. STERNBERG. Of Valley Commercial Corp.

The CHAIRMAN. Thank you.

And on my right, will you give your name, please, and your business or profession?

Mr. ROTH. Harold Roth. I am the president of Continental Industries and U.S. Hoffman.

The CHAIRMAN. President of Continental Industries?

Mr. ROTH. Continental Industries and U.S. Hoffman.

The CHAIRMAN. U.S. Hoffman?

Mr. ROTH. Yes. Do you want my address?

The CHAIRMAN. Yes.

Mr. ROTH. My address, at the present time, is 195 Bay Boulevard, Atlantic Beach, N.Y.

The CHAIRMAN. Thank you. Gentlemen, you have counsel. You each have the same counsel?

Mr. ROTH. Yes.

Mr. STERNBERG. Yes.

The CHAIRMAN. Will you identify yourself for the record?

Mr. FIELD. Arthur N. Field, 39 Broadway, New York City.

The CHAIRMAN. All right, Mr. Counsel.

Mr. KENNEDY. Mr. Sternberg, how long have you been with this company?

Mr. STERNBERG. Since 1955.

Mr. KENNEDY. What were you doing prior to that time?

Mr. STERNBERG. I was an officer of Standard Financial Corp., a large finance company.

Mr. KENNEDY. What is Valley Commercial Corp.?

Mr. STERNBERG. It is a finance company.

Mr. KENNEDY. What relationship do they have with the Continental Industries?

Mr. STERNBERG. They discount certain conditional sales contracts on behalf of Continental Industries, as they do with other companies.

The CHAIRMAN. Let me ask you: Is this Valley Commercial Co. just servicing the paper of the Continental Industries? Was it established for that purpose?

Mr. STERNBERG. No, sir. At the time it was established, Continental Industries wasn't in existence.

The CHAIRMAN. Well, the predecessor to it was in existence, was it, the National Vending Corp.?

Mr. STERNBERG. That is right, sir, but they didn't have any conditional sales contracts to discount, sir.

The CHAIRMAN. They did not?

Mr. STERNBERG. That is right, sir.

The CHAIRMAN. All right. Proceed. I am just trying to follow this.

Mr. KENNEDY. Mr. Sternberg, what loans or financial transactions have been had with Valley Commercial Corp. and Mr. Milton Holt?

Mr. STERNBERG. Chronologically, sir?

Mr. KENNEDY. Yes. I guess that would be the best way.

Mr. STERNBERG. All right, sir. On October 18, 1957, Mr. Holt had approached me for a loan which we had declined, unfortunately, and had suggested that he obtain it elsewhere. He tried and, unsuccessfully, had come back to us. We had helped him secure the loan through the offices of another finance company, Adams Associates.

Mr. KENNEDY. He had conversations with you about obtaining that loan?

Mr. STERNBERG. Yes, sir.

Mr. KENNEDY. Mr. Roth, did he talk to you about obtaining the loan?

Mr. ROTH. Yes, he did.

Mr. KENNEDY. At whose suggestion did he go to the Franklin National Bank?

Mr. ROTH. On this particular loan he didn't go to the Franklin National Bank at all.

Mr. KENNEDY. What bank did he go to, Mr. Roth?

Mr. ROTH. I don't think he went to any bank.

Mr. KENNEDY. Where did you arrange for him to obtain the loan?

Mr. ROTH. Adams Associates, another finance company.

Mr. KENNEDY. Who did you talk to in Adams Associates, Mr. Roth?

Mr. ROTH. A gentleman by the name of Mr. Frank Abrams.

Mr. KENNEDY. Frank?

Mr. ROTH. Abrams.

Mr. KENNEDY. Abrams. Does he have anything to do with your company?

Mr. ROTH. He is on our board of directors.

Mr. KENNEDY. And he is a certified public accountant?

Mr. ROTH. He is a certified public accountant.

Mr. KENNEDY. Is he a certified public accountant for your company?

Mr. ROTH. No, he is not.

Mr. KENNEDY. Does he do any work for your company?

Mr. ROTH. He does.

Mr. KENNEDY. What does he do?

Mr. ROTH. Advisory work and whatever help we need. Our accountants are Lybrand, Ross Bros. & Montgomery.

Mr. KENNEDY. He would be an internal accountant for you?

Mr. ROTH. No. We have our own internal staff. He is just in an advisory capacity.

Mr. KENNEDY. So you contacted him about making this loan?

Mr. ROTH. I did.

Mr. KENNEDY. How much was the loan to be?

Mr. ROTH. \$30,000.

Mr. KENNEDY. Did they make the loan, Adams Associates?

Mr. ROTH. They did.

Mr. KENNEDY. Did Mr. Holt pay interest?

Mr. ROTH. I don't believe he paid any interest on this particular loan at that time.

Mr. KENNEDY. Was the loan secured?

Mr. ROTH. The loan was not secured.

The CHAIRMAN. Let me inquire. This is a professional lending agency?

Mr. ROTH. It is.

The CHAIRMAN. Is that correct?

Mr. ROTH. That is correct.

The CHAIRMAN. It made a \$30,000 loan to one that was not previously a client?

Mr. ROTH. That is correct.

The CHAIRMAN. Made it on your recommendation?

Mr. ROTH. Our recommendation and our paying over to them of \$30,000 through Valley Commercial.

The CHAIRMAN. Your paying over to them?

Mr. ROTH. We actually made the loan indirectly.

The CHAIRMAN. Indirectly you made the loan?

Mr. ROTH. That is correct.

The CHAIRMAN. I see. And without interest?

Mr. ROTH. Without interest.

The CHAIRMAN. Maybe we will get to the reason why or do you want to tell us now why you would make a \$30,000 loan without interest?

Mr. ROTH. Supposing Mr. Sternberg who handled these loans and who is the vice president of Valley Commercial explain that aspect because it really wasn't without interest. There was full consideration paid for it.

The CHAIRMAN. All right, Mr. Sternberg, if you will give us the story.

Mr. STERNBERG. Initially the loan was made with the intent of charging interest at the completion of the loan, the short-term loan. At the time the loan was made, however, Mr. Holt had loaned me personally \$60,000.

The CHAIRMAN. Let us get this now. You are an officer in this company?

Mr. STERNBERG. That is correct.

The CHAIRMAN. You loaned Holt \$30,000?

Mr. STERNBERG. That is correct.

The CHAIRMAN. He had to borrow \$30,000 from your company?

Mr. STERNBERG. That is correct.

The CHAIRMAN. I guess he needed to borrow it or he would not have done it. He borrowed \$30,000 from your company?

Mr. STERNBERG. That is correct.

The CHAIRMAN. You intended later to charge interest?

Mr. STERNBERG. That is correct.

The CHAIRMAN. In the meantime Holt loaned you \$60,000?

Mr. STERNBERG. Not in the meantime, sir. At the time the loan was paid off, after he had paid the loan off.

The CHAIRMAN. When he paid the loan off? How long after?

Mr. STERNBERG. Almost simultaneously he was paying the loan off.

The CHAIRMAN. What time did he pay the loan off? How long after he borrowed the money before he paid the loan off?

Mr. STERNBERG. Mr. Holt paid the loan of \$30,000 back approximately 6 months later.

The CHAIRMAN. He had \$30,000 for 6 months without interest from a loaning company, the company in the business of loaning money to make money; is that right?

Mr. STERNBERG. For which we had substituted another check.

Mr. KENNEDY. The loan was made on October 18, 1957. It was repaid on June 18, 1958.

The CHAIRMAN. June 18, 1958. That is 8 months. All right, he had had it for 8 months without interest. Then when he paid it off he loaned you \$60,000 personally?

Mr. STERNBERG. That is correct, sir, without interest.

The CHAIRMAN. Without interest?

Mr. STERNBERG. That is correct.

The CHAIRMAN. That is a pretty nice arrangement.

Senator ERVIN. I wish we could arrange to transfer some of Ervin's outstanding 6 percent interest to him and handle it under the same arrangement.

The CHAIRMAN. As an officer of the company unless you were practically the sole owner of it why would you be authorized not to charge interest on a \$30,000 loan simply because the fellow you loaned the company's money to in turn did you a favor and loaned you double that amount of money? How do the shareholders and the people interested in the corporation, how is their interest protected in such a transaction?

Mr. STERNBERG. The amount of interest was very nominal.

The CHAIRMAN. Nominal?

Mr. STERNBERG. Yes, sir.

The CHAIRMAN. Well, the usual rate is 6 percent, is it not? Is that about the usual rate?

Mr. STERNBERG. I beg your pardon, sir?

The CHAIRMAN. The usual rate of interest is about 6 percent?

Mr. STERNBERG. Yes, sir.

The CHAIRMAN. Sir?

Mr. STERNBERG. Yes, sir.

The CHAIRMAN. Well, that would be \$1,800. Two-thirds of it would be \$1,200. For eight months that would be \$100 a month actual value in accommodation, would it not?

Mr. ROTH. This company is not a public company. It is a privately owned financed company.

The CHAIRMAN. Let us see. Who owns it?

Mr. ROTH. Harold Roth—myself. Robert S. Hirsch, Arthur N. Feld, and Matthew Forbes.

The CHAIRMAN. Is it a corporation?

Mr. ROTH. It is a corporation.

The CHAIRMAN. Each owning equal interest?

Mr. ROTH. Not quite equal. But almost equal.

The CHAIRMAN. Who are the other stockholders, where do they live?

Mr. ROTH. Pardon me, I did not hear you, sir.

The CHAIRMAN. You named the other three stockholders beside yourself. Where do they live? Give their names now and their addresses.

Mr. ROTH. Arthur N. Feld is right next to me.

The CHAIRMAN. That is the counsel?

Mr. ROTH. Right.

Robert S. Hirsch lives in Hewlett Neck, Long Island. I don't know the exact number.

Matthew Forbes lives in Rye, N.Y., I believe. Either Rye or Harrison, N.Y.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. Did the other stockholders know that you had made these financial arrangements with a union official?

Mr. ROTH. They did.

The CHAIRMAN. Did your attorney know that?

Mr. ROTH. Yes, he did.

Mr. KENNEDY. Did he advise you that it was in violation of the law?

Mr. ROTH. It was not in violation of the law.

Mr. KENNEDY. Did he advise you that it was in violation of the law?

Mr. ROTH. I say it was not in violation of the law.

Mr. KENNEDY. Did he advise you?

Mr. ROTH. He could not advise me if it was not.

The CHAIRMAN. He could. He could make an error in his advice.

Mr. ROTH. He seldom makes errors.

The CHAIRMAN. Did he advise you? If he didn't, he didn't.

Mr. ROTH. He didn't.

Mr. KENNEDY. Did you have any discussions with him about giving something of value to a union official in violation of section 302 of the Taft-Hartley Act?

Mr. ROTH. We didn't have any discussion, but 60,000 is more value than 30,000.

The CHAIRMAN. \$60,000 was not a loan to the company, was it?

Mr. ROTH. Pardon me, Senator?

The CHAIRMAN. \$60,000 was not a loan to the company, was it? I understood it was loaned to Mr. Sternberg.

Mr. ROTH. This company has nothing whatsoever to do with Continental. It is a private company owned by us.

The CHAIRMAN. Was that loan made of \$60,000 made to you individually or to the company?

Mr. STERNBERG. To me individually, sir.

The CHAIRMAN. That is what I thought. Do you have an interest in this company?

Mr. STERNBERG. No, sir; I do not.

The CHAIRMAN. How did your company benefit from a loan to him individually?

Mr. ROTH. You want me to answer?

The CHAIRMAN. Anybody who can answer it.

Mr. ROTH. I will answer it, if you don't mind.

The CHAIRMAN. All right.

Mr. ROTH. Milton Holt is a friend of mine of long standing, over 25 or 30 years. We made this loan to him originally with full intent to collect interest. When the \$60,000 loan was made to Mr. Sternberg, Mr. Sternberg paid no interest to him in return. Mr. Sternberg is the executive vice president of Valley Commercial, and we felt as long as Milton Holt did not charge him any interest, we were in no position, as a private company, to charge him interest.

The CHAIRMAN. What kind of evidence was given of this \$30,000 obligation?

Mr. STERNBERG. Mr. Holt gave Adams Associates a note, and we in turn gave Adams Associates a check simultaneously for that loan.

The CHAIRMAN. Did the note provide for interest?

Mr. STERNBERG. No, sir; it did not.

The CHAIRMAN. So in the incipency of it, prior to the time that you had any knowledge that you were going to borrow \$60,000 from Mr. Holt, you did make a note and the note reflected no interest?

Mr. STERNBERG. That is correct. I suggested to Adams Associates that I would be responsible for interest inclusive of the loan.

Mr. KENNEDY. Mr. Roth, why didn't you make the loan directly to Mr. Holt? Why did you go through Adams Industries?

Mr. ROTH. Adams Associates.

Mr. KENNEDY. Adams Associates?

Mr. ROTH. We felt there would be a faster repayment to Adams Associates than to ourselves and perhaps a stronger method of collecting than if we made it directly.

Mr. KENNEDY. If you were interested in obtaining interest why was not the interest stated on the note if it is true what you state, that you had planned and intended to collect interest?

Mr. ROTH. It is quite customary in our operations to collect interest in three different ways, with a notice written and on the face of the note, on a series of notes, on each note or on the payment of the note, just like a bank might do.

The CHAIRMAN. In this instance it wasn't done either way.

Mr. ROTH. No. Only a consideration for \$60,000 was loaned without interest.

The CHAIRMAN. That was an after consideration. That was when the time came to pay off.

Mr. ROTH. At which time he would have been charged for the interest if he had not made the \$60,000 loan.

The CHAIRMAN. Just one moment. You say he would have been charged interest?

Mr. ROTH. He certainly would have been charged interest.

The CHAIRMAN. He was not under any legal obligation to pay it. Your note didn't provide it.

Mr. ROTH. With many of my friends I find that I do not need a written contract.

The CHAIRMAN. I am not arguing it, but I say legally he was not obligated to pay it.

Mr. ROTH. We were not concerned legally. We felt he would pay it.

The CHAIRMAN. OK.

(Members of the select committee present at this point in the proceedings were Senators McClellan and Ervin.)

Senator ERVIN. You spoke about your custom of charging interest. I would like to ask you if your custom is to loan money in such enormous sums as that without charging interest.

Mr. ROTH. Valley Commercial has available around \$3½ million. Not only are we accustomed to loaning sums of this size, but we consider this a small loan.

Senator ERVIN. You haven't answered my question, whether you customarily make loans and refrain from charging any interest on them.

Mr. ROTH. We didn't refrain from charging any interest except when value received was not. We would have charged interest.

Senator ERVIN. I didn't think you would be in the loan business—

Mr. ROTH. No. We like to charge interest.

The CHAIRMAN. Mr. Sternberg, when was the \$60,000 repaid that you borrowed?

Mr. STERNBERG. That was repaid over a period of approximately 6 months, sir.

The CHAIRMAN. Approximately 6 months?

Mr. STERNBERG. Yes, 6 or 8 months.

The CHAIRMAN. Did you give a note for it?

Mr. STERNBERG. Yes. I believe your committee has a complete report. I furnished that report to the committee.

Mr. KENNEDY. Mr. Roth, when was the next financial transaction that you had with Mr. Holt?

Mr. ROTH. I don't have a record of it. Your man perhaps is in a better position to refresh my memory. Or Mr. Sternberg.

Mr. STERNBERG. I have a record of that. The next financial transaction was one which was dated April 10, 1959. That was for \$35,000—

Mr. KENNEDY. Wasn't there one of \$20,000 on October 18?

Mr. STERNBERG. I know nothing about a \$20,000 loan on October 18. It is completely foreign to me.

Mr. KENNEDY. Do you know anything about that?

Mr. ROTH. When Mr. Kopecky was testifying before, it was the first time that I heard of the 20. Now I am not denying that 3½ years ago Mr. Holt may have gone to a bank and borrowed \$20,000 on Continental stock. I might have even recommended him, and he probably paid interest. But this would be a matter that I wouldn't remember 3½ years later.

Mr. KENNEDY. Did you telephone the bank to recommend that they make the loan to him?

Mr. ROTH. The \$20,000, 3½ years earlier?

Mr. KENNEDY. You heard the question, Mr. Roth.

Mr. ROTH. I cannot remember if I did or I didn't.

Mr. KENNEDY. Your answer is what?

Mr. ROTH. I cannot remember whether I did or I didn't.

Mr. KENNEDY. We have the records that indicate that a representative of the company did call the bank and make arrangements for Mr. Holt to receive the loan?

Mr. KOPECKY. On that loan there are no records, but the bank officials, the bank representatives, have advised that the loan was initiated upon a call from Continental Industries.

Mr. ROTH. Continental Industries is quite a large company. I am not all of Continental Industries.

Mr. KENNEDY. And they have a bargaining agreement with local 805?

Mr. ROTH. We have.

Mr. KENNEDY. That is what I thought.

You had another financial transaction with him that you were describing on April 10, 1959?

Mr. STERNBERG. That is correct, sir.

Mr. KENNEDY. How much was that?

Mr. STERNBERG. That was for \$35,000.

Mr. KENNEDY. What happened on that?

Mr. STERNBERG. On that particular loan, Mr. Holt had again requested if we could possibly intercede in his behalf, and I suggested

he again visit with Adams Associates. He obtained his loan from Adams Associates for \$35,000 at that particular time.

Contrary to the——

Mr. KENNEDY. Did you contact Adams Associates in connection with that loan?

Mr. STERNBERG. Yes; I did, sir.

Mr. KENNEDY. On that loan he did pay interest?

Mr. STERNBERG. That loan was interest bearing, that is correct, sir.

Mr. KENNEDY. There you did not reimburse Adams Industries, as I understand it.

Mr. STERNBERG. No. The loan, itself, bears interest on its face.

Mr. KENNEDY. But in that loan you did not reimburse Adams Associates?

Mr. STERNBERG. No, sir; I did not.

Mr. KENNEDY. So interest was charged in connection with that?

Mr. STERNBERG. Yes, sir.

Mr. KENNEDY. What was the next one after that?

Mr. STERNBERG. The next loan was one of April 15 in the sum of \$54,600. That was a very short-term loan. It lasted approximately 2 days.

Mr. KENNEDY. \$54,600?

Mr. STERNBERG. That is correct.

Mr. KENNEDY. And it lasted how long?

Mr. STERNBERG. Two days, sir. It was repaid in 2 days.

Mr. KENNEDY. From whom was that loan made?

Mr. STERNBERG. That loan was again made from Adams Associates. We reimbursed them at that time with a check which was repaid in 2 days.

Mr. KENNEDY. Mr. Roth, why didn't you make that loan directly?

Mr. ROTH. For exactly the same reason. When Milton Holt requested \$54,000 for 2 days, we would like very much to get the money in 2 days, and when a third party makes the loan it is sometimes easier to get it in 2 days than if I gave it to him myself.

Mr. KENNEDY. Isn't it the fact that the reason you did it that way was to hide the fact that the transaction was associated with you?

Mr. ROTH. It most certainly is not the fact.

Mr. KENNEDY. That is the fact, is it not?

Mr. ROTH. It is not the fact.

Mr. KENNEDY. Was any interest paid on that?

Mr. STERNBERG. To the best of my knowledge, that loan is presently outstanding, I believe. I think it is just about due at this particular time.

Mr. ROTH. No; that is paid.

Mr. STERNBERG. Are you referring to the 54.6?

Mr. KENNEDY. Yes.

Mr. STERNBERG. That was repaid in 2 days. There was no interest on that at all. I am sorry.

Mr. KENNEDY. What was the next loan after that?

Mr. STERNBERG. The next loan after that was a loan of \$12,000 on May 1, 1959. I am reciting the same dates as Mr. Kopecky did. It was \$12,000. That loan was, again handled in much the same way, except it was paid in approximately 5 or 6 days.

In this connection, Valley, however, did not pass a check over through Adams because by the time we got around to doing it, the loan had been repaid.

Mr. KENNEDY. No interest was charged on that?

Mr. STERNBERG. No, sir, not the 6 days.

Mr. KENNEDY. What was the next loan after that?

Mr. STERNBERG. The next loan were personal loans, aggregating the sum of \$27,000, and those loans were made over a period of approximately 3 to 4 weeks in varying sums, aggregating \$27,000.

Mr. KENNEDY. Who were these loans from?

Mr. STERNBERG. They were borrowed from me personally.

Mr. KENNEDY. Did they pay interest?

Mr. STERNBERG. That loan is not due as yet, and I don't believe that is interest bearing.

Mr. KENNEDY. Was it secured?

Mr. STERNBERG. No, sir.

Mr. KENNEDY. Was there a note?

Mr. STERNBERG. Yes, sir.

Mr. KENNEDY. The note indicates no interest, does it not?

Mr. STERNBERG. I believe that it right, sir.

Mr. KENNEDY. It states on the face of it, "Value received, no interest."

Mr. STERNBERG. That is right, sir.

Mr. KENNEDY. Why did Mr. Holt wish to make these loans?

Mr. STERNBERG. These were personal matters of Mr. Holt. I have no idea.

Mr. KENNEDY. Did he indicate to you at that time the investments in the U.S. Hoffman International Corp.?

Mr. STERNBERG. No, sir.

Mr. KENNEDY. Mr. Roth, did you have conversations with him on that?

Mr. ROTH. No; I did not. I didn't know until 2 days ago that he had bought U.S. Hoffman stock or the Hoffman International stock. In fact, I am quite flattered that he did.

Mr. KENNEDY. What was the next loan after that?

Mr. STERNBERG. You have a complete transcript of all the loans, to the best of my knowledge.

Mr. KENNEDY. Mr. Roth, did you make arrangements at the Frankline National Bank for the bank to loan Milton Holt \$55,000?

Mr. ROTH. I didn't make arrangements for them to loan him \$55,000. As a friend of both Mr. Clifford and Mr. Holt—

Mr. KENNEDY. Who as Mr. Clifford?

Mr. ROTH. Mr. Clifford is the officer at the bank.

I suggested that I was sending him a customer, and he made the loan on 13,000 shares of stock, I believe, which is fully secured. It was up to the bank either to make the loan or not make the loan. Nobody endorsed it or in any way guaranteed it. There was no recommendation to make the loan. It was just a piece of business that I felt the bank might be interested in having.

Mr. KENNEDY. Who is Mr. Clifford? He is the officer at the bank?

Mr. ROTH. That is correct.

Mr. KENNEDY. Does he have anything to do with your company?

Mr. ROTH. No, he has nothing to do with our company. He is on our board of directors.

Mr. KENNEDY. Of which company?

Mr. ROTH. Both companies.

Mr. KENNEDY. Both companies?

Mr. ROTH. That is correct. He is also a friend of mine.

Mr. KENNEDY. Continental—

Mr. ROTH. Industries and U.S. Hoffman.

I am not even sure, but he might be on the board of our third public company, which is Hoffman International. I am not sure of this.

Mr. KENNEDY. What about the transaction that you had, Mr. Roth, with Milton Holt in 1956?

Mr. ROTH. Which transaction are we referring to?

Mr. KENNEDY. What financial transaction did you have with Milton Holt in 1956?

Mr. ROTH. I think in order to answer that question you would have to be more specific. I don't know exactly what you are referring to.

Mr. KENNEDY. Did you have any financial transactions with him in 1956?

(The witness conferred with his counsel.)

Mr. ROTH. Are you referring to the stock purchase by Milton Holt?

Mr. KENNEDY. We can start with that; yes.

Mr. ROTH. That is the only transaction I had with him at that time. Milton Holt, along with a large group of other people, subscribed to 400,000 shares of stock, Milton Holt to 12,000 at a price of \$2.50 a share, which was the exact price that we paid for the stock in the purchase of this company just prior to this period.

Mr. KENNEDY. How many other people, would you say?

Mr. ROTH. About 20.

Mr. KENNEDY. About 20 people?

Mr. ROTH. I am guessing at the number.

Mr. KENNEDY. I believe there were 30 altogether.

Mr. ROTH. Well, 30.

Mr. KENNEDY. Go ahead.

Mr. ROTH. We had purchased the company for \$2.50 a share, and in order to raise an additional \$1 million of capital we decided to sell 400,000 shares of stock. Milton Holt subscribed to 12,000 shares of this stock, along with all these other people, and you say there were 30, and paid in full for the 12,000 shares of stock.

Mr. KENNEDY. How much did he pay for it?

Mr. ROTH. That is a little bit of a problem right now. Mr. Kopecy came in Monday morning and started looking through our records. The first time I knew he was going to look through our records was late Friday afternoon. We put everyone at his disposal.

When I came to this hearing this morning, we had traced everything but \$11,000 of the payments. The committee was helpful in telling me they had found \$5,000 more than we had found. But I can tell you and I am under oath, that he paid every single cent, just like everybody else, and our records reflect that the money for these 400,000 shares was paid for in full.

The CHAIRMAN. The only question is you just have not been able to find \$11,000 of it?

Mr. ROTH. That is correct.

The CHAIRMAN. And we found all but \$6,000.

Mr. ROTH. You did a better job than we did. You found \$5,000, which I didn't find. We will find the other \$6,000.

The CHAIRMAN. You are confident that it was paid?

Mr. ROTH. Not only am I confident, but I am positive. Every single share has been paid for.

The CHAIRMAN. I am willing for you to be positive. I just thought while you haven't found it, within your own knowledge you know it was paid.

Mr. ROTH. I know from my own knowledge that it has been paid.

Mr. KENNEDY. According to the records there were some \$30,000 of stock that Milton Holt received. He put up \$14,000 himself. Then you had a transaction with him yourself?

Mr. ROTH. That is correct. I loaned him \$10,000.

Mr. KENNEDY. How much interest did he pay on that?

Mr. ROTH. He paid no interest. He paid me back 1 year later.

Mr. KENNEDY. What security did he put up?

Mr. ROTH. Friends of mine don't have to give me any security.

Mr. KENNEDY. How much security did Milton Holt put up?

Mr. ROTH. None.

Mr. KENNEDY. And he paid you back a year later; is that right?

Mr. ROTH. Yes; but I held the stock until that \$10,000 was paid. The stock wasn't delivered.

The CHAIRMAN. The stock was security.

Mr. KENNEDY. And do you know where the other \$6,000 came from?

Mr. ROTH. I didn't know where \$11,000 came from this morning.

Mr. KENNEDY. Do you know where the other \$6,000 came from?

Mr. ROTH. No, I do not.

Mr. KENNEDY. Have you ever had any other financial transactions with Mr. Milton Holt?

Mr. ROTH. To the best of my knowledge, no. There may be. Milton Holt has been a friend of mine for almost 30 years.

Mr. KENNEDY. Was there any other union official included in these 30 individuals?

Mr. ROTH. So far as I know, no other union official.

Mr. KENNEDY. Mr. Chairman, we have this affidavit this morning that was mentioned, an affidavit by Frank Abrams. He states:

I am a principal in the firm of Adams Associates, located at 545 Madison Avenue, New York, N.Y., as well as the certified public accountant for certain examinations made of the accounts and records of Valley Commercial Corp. and Continental Industries, Inc., both located at 956 Brush Hollow Road, Westbury, Long Island, N.Y.

At the request of Mr. Herbert Sternberg, of the Valley Commercial Corp., I have made arrangements for a total of four loans to be granted by Adams Associates to Milton Holt. The amounts and dates of such loans are as follows:

October 18, 1957, \$30,000.

April 15, 1959, \$54,600.

May 1, 1959, \$12,000.

April 10, 1959, \$35,000.

These loans were made at the recommendation and request of Mr. Sternberg. The first two loans aforelisted were immediately reimbursed to Adams Associates by Valley Commercial Corp. When these two loans were repaid by Mr. Holt, Adams Associates then reimbursed the Valley Commercial Corp.

In connection with the last two loans aforelisted, the Valley Commercial Corp. did not reimburse Adams Associates. However, in connection with the last loan aforelisted, Mr. Herbert Sternberg personally guaranteed and endorsed the note which was obtained from Mr. Holt.

Mr. Holt is not known to me, and at the time Adams Associates granted the aforementioned loans I had no knowledge of Milton Holt's position or occupation. Had I known of the occupation and position of Mr. Holt and his relationship with Continental Industries, Inc., I would not have agreed to the loans as described above.

Did you, Mr. Roth, realize that there was something improper in what you were doing in making these loans?

Mr. ROTH. Not only did I realize it, there was nothing improper.

(At this point Senator Ervin withdrew from the hearing room.)

The CHAIRMAN. The committee is going to have to suspend for a few moments. Everyone may be at ease for the present.

(After a short recess, the select committee reconvened with the following members present: Senators McClellan and Curtis.)

Mr. KENNEDY. Mr. Roth, did you see anything improper or irregular in the financial transactions that you were having with Mr. Holt?

Mr. ROTH. I did not.

Mr. KENNEDY. And never have; is that right?

Mr. ROTH. Never have.

Mr. KENNEDY. Did you feel it was perfectly proper for a company to make these kind of loans to union officials? You can answer that. It is a question of fact.

(The witness conferred with his counsel.)

Mr. KENNEDY. Mr. Chairman, that can't be a legal question.

The CHAIRMAN. Will you answer the question?

(The question was read by the reporter.)

The CHAIRMAN. All right.

Mr. ROTH. I felt at the time that the loans were not made to a union official, but to a friend. In the light of the hearings today, I would not do it again. But I made these loans and many other loans to friends.

The CHAIRMAN. The law does not apply to friends, but it applies to union officials.

Mr. ROTH. That is correct.

The CHAIRMAN. Of course, a union official might be a friend, but that would not exclude him as being a union official if he is one.

Mr. ROTH. That is right.

The CHAIRMAN. So you do see the connection now.

Mr. ROTH. I see the connection you are making.

The CHAIRMAN. The law makes no exception, whether he is a friend or not a friend. I guess the more prevailing presumption would be that he is a friend if you make loans to him without interest.

Mr. ROTH. Especially if you have known him for 30 years.

The CHAIRMAN. Yes. So that kind of friendship was not excluded under the law. You now recognize that it does not conform to the law.

Mr. ROTH. That is correct.

The CHAIRMAN. At the time you say you did not think about it.

Mr. ROTH. At that time, no. At this point, in the light of what has developed, I probably would not make the loans again.

The CHAIRMAN. Let us hope not. Proceed.

Mr. KENNEDY. He had been a longtime friend of yours; is that correct?

Mr. ROTH. That is correct.

Mr. KENNEDY. You had perfect confidence in him?

Mr. ROTH. I did.

Mr. KENNEDY. Perfect confidence in his honesty and veracity?

Mr. ROTH. As a friend I had confidence in him.

Mr. KENNEDY. If that is correct, why did you go through this Adams Associates?

Mr. ROTH. Oh, you can have a lot of confidence in a friend, but I think an obligation is felt more keenly if it comes from someone else rather than if it comes directly from me.

Mr. KENNEDY. That does not make too much sense. You say in the first instance that you are making these loans only because he is a friend, and that it has nothing to do with union officials, and he has been a dear friend of yours for 25 or 30 years; and then, in order to make sure you are going to get your money back, you do it through a third party.

Mr. ROTH. You might want to help a friend, but you don't want to lose your money.

Mr. KENNEDY. You did not mind evidently losing your money to the point of losing interest on any of these loans.

Mr. ROTH. None of these loans have cost us any interest. The \$60,000 that Mr. Sternberg borrowed without interest, through arithmetic you will find that the interest more than equals out.

Mr. KENNEDY. This loan originally was made for \$10,000 in 1956. When you first made that \$10,000 loan to Mr. Holt there was no discussion at that time about the fact 2 years later he possibly was going to loan Mr. Sternberg \$60,000 and that loan of \$10,000 was made without interest.

Mr. ROTH. That is correct. That particular \$10,000 loan I personally made and I did not charge any interest; \$500 was not a large sum for a longstanding friendship, \$500.

Mr. KENNEDY. It does not say that in the law that you can give somebody something of value as long as it does not affect you, that you are a rich man and therefore you can give somebody \$500. It does not say that. It prohibits this kind of activities.

Mr. ROTH. I am not here to argue the law with you. If that is the law, that is the law. I am here to testify.

Mr. KENNEDY. You have been aware of the fact that you might have violated the law?

Mr. ROTH. No; I do not think I did violate the law.

Mr. KENNEDY. Why is it that you told our investigator yesterday that you were going to take the fifth amendment before this committee?

Mr. ROTH. I think that is against the law. You are not entitled to quote whether I am going to take the fifth amendment or not.

Mr. KENNEDY. Did you tell the investigator that you planned to take the fifth amendment?

Mr. ROTH. I think that is against the law. I refuse to answer that because it is against the law.

Mr. KENNEDY. What is against the law?

Mr. ROTH. It is against the U.S. Constitution for you to question whether I take my privilege or not.

Mr. KENNEDY. I am just asking you that you said you never realized there was anything wrong with this.

Mr. ROTH. I restated that just now, that I feel there is nothing wrong.

Mr. KENNEDY. In view of that statement, I am asking you if you did not plan yesterday and told our investigator that you were going to take the fifth amendment before this committee.

Mr. ROTH. No; I did not tell him that.

Mr. KENNEDY. What did you say?

Mr. ROTH. I said to your investigator, who is sitting next to you, that I felt the way he acted, that we were going to be very cooperative witnesses and we wanted to testify, but that the way the committee handled the entire thing was very unethical and un-American and that your man handed me a subpoena Friday.

When I asked him, "Is this a subpoena to appear?" he said, "No, don't worry about it. We just want to look at your books." I had a half dozen people make all our books available to him. On Monday, at 1 o'clock, I asked him, "Do I have to appear?" He said, "Leave it be, I don't know. I will have to check."

At 5 o'clock Monday night, "Be in Washington Tuesday morning at 9 o'clock in the morning." I got up 5 o'clock this morning to be here on time. I was annoyed and I told your investigator that was the reason I was not going to cooperate.

Mr. KENNEDY. And you were going to take the fifth amendment?

Mr. ROTH. I did not.

Mr. KENNEDY. Did you tell him that?

Mr. ROTH. I did not.

Mr. KENNEDY. Did you say anything about the fifth amendment?

Mr. ROTH. I may have considered it.

Mr. KENNEDY. Did you say anything to him?

Mr. ROTH. I did not.

Mr. KENNEDY. You never mentioned it?

Mr. ROTH. I never mentioned the fifth amendment.

Mr. KENNEDY. Didn't you come down to my office and raise the question——

Mr. ROTH. I might.

Mr. KENNEDY. You might take the fifth amendment?

Mr. ROTH. I might. I was very angry.

Mr. FIELD. May I ask whether or not this question is proper? We had a conference with Mr. Kennedy before we entered this hearing room. I assumed that whatever was said to Mr. Kennedy was confidential. I assume what he said to me is confidential.

We are now being questioned about something where we tried to tell Mr. Kennedy that we were going to do our best to cooperate with him.

The CHAIRMAN. All right.

Mr. KENNEDY. I will tell you why I brought it up.

The CHAIRMAN. Let us proceed.

Mr. KENNEDY. I want to make sure that the record is clear. If the witness had not stated in the manner that he did that he never saw anything wrong in this, that he never questioned the fact that it was entirely proper, I would never have brought this matter up and we would have just presented the facts.

But the fact is that he did know there was something wrong with this. He did know there was something improper, and his conversation with me this morning revealed that, and his conversation with the investigator.

That is the reason that this matter has been brought up. I think it is perfectly proper. I think statements to Mr. Kopecky the day before and to me this morning indicate that he knew there was something improper and wrong.

Mr. FIELD. Mr. Chairman, we turned over all private records to the investigator without question and without reservation. We cooperated completely and fully with the investigator at all times, at all hours of the day and night.

The witnesses have appeared here and have not failed to answer a single question. They have answered every single question and not refused to answer any.

The CHAIRMAN. Let us proceed and answer the question. He may have changed his mind. I don't know what he intended to do or not intended to do. I want to get the facts.

Mr. ROTH. Senator, I want to make one slight change. I want to say that I am not sure, on reflection. I may have in anger said to Mr. Kopecky that I may take the fifth amendment. I am not sure.

The CHAIRMAN. Well, you are not taking it.

Mr. ROTH. No, I am not taking it. I am trying to cooperate and give you every single fact like we have done for the last few days.

The CHAIRMAN. As long as you don't take it, we will not go into the matter further. We just want to get the facts.

Proceed, Mr. Kennedy.

The question here is one of impropriety and also of illegality. As I interpret the testimony, the undisputed facts are that there was a violation of the spirit of the law. If there was not a violation, even if there was no law, there would have been implications, very strong implications, of impropriety.

The thing about it is that we cannot serve two masters. A representative of a labor union, in my judgment, is exposing himself to justified criticism when he takes a favor from an employer with whom he contracts on behalf of men who work.

That is the intent of the law to prohibit, insofar as it will prohibit. Certainly it places a stamp of condemnation upon such practices.

Mr. KENNEDY. Didn't it concern you about Mr. Holt, Mr. Roth, the fact that he had been indicted for perjury? Didn't that concern you as to making loans, to having these financial transactions with a man of that kind?

Mr. ROTH. Not particularly.

Mr. KENNEDY. And then the fact that he pled guilty to perjury in March of 1959? He was indicted in 1957. So most all of these transactions took place after he was indicted. He pled guilty in March of 1959, and a number of these transactions took place after that.

Didn't that disturb you at all, having transactions of this kind with a person of Mr. Holt's character?

Mr. ROTH. I didn't know he pled guilty.

Mr. KENNEDY. Did you look into his activities at all?

Mr. ROTH. Am I supposed to investigate my friends?

Mr. KENNEDY. Well, once again, this man is a union official, Mr. Roth. You were having financial transactions for a considerable amount of money with him. I would think you would be slightly interested in it.

Mr. ROTH. I have known the man for 30 years.

Mr. KENNEDY. Wasn't he indicted and convicted in connection with another earlier case in 1955, for antitrust violation, with a company with whom you used to be associated?

Mr. ROTH. Yes. I am glad you brought that up. I was out of that company for over 4 years.

Mr. KENNEDY. What was the name of that company?

Mr. ROTH. Herald Vending.

Mr. KENNEDY. Herald Vending?

Mr. ROTH. Yes.

Mr. KENNEDY. Did it disturb you about making loans to Milton Holt after he had been indicted and convicted for attempting to gain a monopoly for the Herald Vending Co. of this industry?

Mr. ROTH. I don't think that is a true statement of the fact. That wasn't what he was convicted for.

Mr. KENNEDY. What was he convicted for?

Mr. ROTH. I think the conviction, to the best of my knowledge, was for an association, not for the Herald Vending, and I was not indicted nor was I involved, and I was out of that company for over 4 years when this thing came to trial.

Mr. KENNEDY. Well, it says that the activities of Mr. Holt go back to 1936. During that period of time you were associated with this company.

Mr. ROTH. And we committed no illegal act. Otherwise, perhaps I would have been indicted.

Mr. KENNEDY. Did that disturb you at all?

Mr. ROTH. No.

Mr. KENNEDY. It did not.

Matthew Forbes, is he one of your associates?

Mr. ROTH. Matthew Forbes is a stockholder and on the board of directors of U.S. Hoffman, I believe.

Mr. KENNEDY. What is his relationship with Valley?

Mr. ROTH. He is one of my associates in Valley Commercial.

Mr. KENNEDY. Is he an investor in Valley?

Mr. ROTH. Yes. He is one of my associates in Valley Commercial.

Mr. KENNEDY. And he received a \$10,000 fine and was given a 6-month suspended sentence in that other case.

Mr. ROTH. He was the head of the association at that time.

Mr. KENNEDY. In connection with Mr. Milton Holt at that time. Did that disturb you at all, Mr. Roth?

Mr. ROTH. Again, I say, not particularly. This was a thing that didn't disturb me particularly.

Mr. KENNEDY. We have had union officials appear before the committee and they don't seem to be disturbed about improper activities, and we have had some businessmen that equally don't seem to be disturbed by improper or illegal activities, and certainly, Mr. Roth, you fall into that latter category.

Mr. ROTH. I disagree with you. I don't believe I do. I am disturbed by improper activities. I think I have conducted my personal life in such a manner that I cannot be criticized.

Mr. KENNEDY. I just want to point out to you in the case where Mr. Dave Beck was just indicted some weeks ago, it was on a loan of \$200,000 that he received from two companies, Associated Transport,

Inc., and the Fruehauf Trailer Co. On the \$200,000 Mr. Dave Beck paid interest. He was indicted, as were the two companies.

That is all, Mr. Chairman.

The CHAIRMAN. Are there any questions?

Senator CURTIS. No questions.

The CHAIRMAN. Thank you.

Stand aside.

Call the next witness.

Mr. KENNEDY. Mr. Holt.

You might want to stay for Milton Holt, if you like to, Mr. Roth.

The CHAIRMAN. Will you be sworn, please?

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. HOLT. I do.

**TESTIMONY OF MILTON HOLT, ACCOMPANIED BY COUNSEL,
JOSEPH E. BRILL**

The CHAIRMAN. State your name, your place of residence, and your business or occupation, please, sir.

Mr. HOLT. Milton Holt, 72-19 136th Street, Flushing, N.Y.

The CHAIRMAN. Do you have any business or occupation, Mr. Holt?

Mr. HOLT. I must respectfully decline to answer under the fifth amendment.

The CHAIRMAN. You have counsel?

Mr. HOLT. Yes, sir; I do.

The CHAIRMAN. Mr. Counsel, identify yourself.

Mr. BRILL. Joseph E. Brill, 165 Broadway, New York, N.Y.

The CHAIRMAN. Mr. Holt, you declined to answer as to your business or occupation. The Chair would ask you: Have you been present here during the hearings today? Have you been present here in this room?

Mr. HOLT. Yes.

The CHAIRMAN. Then I assume you heard some of the testimony, if not all of it, that the committee heard this morning regarding some of your activities? Did you hear it?

Mr. HOLT. I may have heard some of it. I am not sure I heard all.

The CHAIRMAN. If you heard some of it, I expect you heard some that was derogatory; did you not?

(The witness conferred with his counsel.)

Mr. HOLT. I decline to answer that, respectfully, sir. I don't want to waive any of my rights.

The CHAIRMAN. I am not asking you to waive any of your rights. I am giving you the opportunity, if you heard here this morning, or today, if you heard derogatory testimony with reference to you, your business, your activities, in any way that you could regard as derogatory, I am now giving you an opportunity to refute that testimony.

Mr. HOLT. I respectfully assert my privileges, as I previously stated.

The CHAIRMAN. All right. I just wanted to be sure that you understood that if you desire you could refute it, explain it, or make any comment about it you wished to make.

The testimony here showed this morning some associations and some contacts with people that are engaged in crime, beyond any doubt, who have been convicted of crime, and it shows a close association of you with them. I thought maybe if there was no truth in it, and this association was shown with you as a member or as an officer in this local 805, I thought if you felt that it reflected upon you and that it was not true, and the implications that might be associated with it are not true, that you would like to refute it, or give some explanation of it.

If you do not wish to, that is your privilege, and the record will have to be left as it was made by those witnesses.

All right, Mr. Counsel; the witness says he doesn't want to respond.

Mr. KENNEDY. Mr. Chairman, Mr. Milton Holt has appeared before this committee once before in 1957, in the paper local case, and was specifically identified as one of the participants in the so-called galloping charter, and also participated in the establishment of certain paper locals.

He was identified as being an associate of Johnny Dio, and Anthony "Tony Ducks" Corallo, a friend of Dick Kaminetsky, had known Sam Berger for 12 years, had known Jimmy Doyle. According to testimony that we had, he also knew Joseph Stracci.

Is that correct, Mr. Holt?

Mr. HOLT. I am advised not to go beyond what I have already said might result in the waiver of my rights upon which I desire to stand.

I therefore stand upon what I have said.

Mr. KENNEDY. Now, he appeared before the committee and took the fifth amendment at that time, Mr. Chairman, in connection with those activities.

Could you tell us in view of that, and the other notoriety you received at that time, why Mr. Roth would have those financial transactions with you thereafter?

Mr. HOLT. Mr. Kennedy, I respectfully submit that my position has been stated very clearly.

Mr. KENNEDY. What was that?

The CHAIRMAN. You stated your position, but if you wish to exercise the privilege of the fifth amendment you should invoke it properly so that the record will be clear on it.

Mr. HOLT. Then I reassert my privilege under the fifth amendment.

Mr. KENNEDY. Will you tell us anything about the moneys, the loans that you received from Mr. Harold Roth?

Mr. HOLT. I want to assert my privilege as I stated before.

Mr. KENNEDY. Now you also, according to the testimony before the committee, have been indicted and convicted for an antitrust offense in connection with some companies who were attempting to gain control of the industry in New York City.

You were also indicted for perjury and ultimately pleaded guilty in early 1959 on a perjury count in connection with an operation of Johnny Dioguardi; is that correct?

Mr. HOLT. I respectfully decline to answer on the reasons I have stated before.

The CHAIRMAN. Will you answer this question: Are you presently an officer in a labor union and particularly local 805 of the Teamsters?

Mr. HOLT. Mr. Senator, I respectfully again assert my privilege under the fifth amendment.

The CHAIRMAN. Why?

Mr. HOLT. Because some of it might tend to incriminate me.

The CHAIRMAN. You honestly believe that a truthful answer might tend to incriminate you?

Mr. HOLT. It might.

Mr. KENNEDY. We have had the testimony before the committee by a representative of the Bureau of Narcotics that through your assistance local 805 was used as the headquarters for Mr. Blaustein who at that time was selling narcotics. Will you tell us about that?

Mr. HOLT. I respectfully cannot go beyond what I have already said that might result in a waiver of my rights on which I desire to stand.

The CHAIRMAN. Let me ask: Is Mr. Blaustein an officer, a representative in any way of local 805 or any other union so far as you know?

Mr. HOLT. I most respectfully decline to answer for the reasons I have stated before.

The CHAIRMAN. Other than that document we have here where he made application for a chattel mortgage on an automobile, may I ask the staff, do we have other evidence of his being a member of that local or representative of it in any capacity? I am talking about Mr. Blaustein.

Mr. KENNEDY. Mr. Chairman, we have no other evidence that Mr. Blaustein was an officer of local 805, other than the testimony that we had this morning, the fact that he used the headquarters, No. 1 and No. 2, when he was purchasing a car he stated that he worked for the local, and when the bank called Mr. Milton Holt to find out if he was employed Mr. Milton Holt said he was, at some \$10,000 a year. At least a voice describing himself as Milton Holt.

The CHAIRMAN. I want to ask Mr. Holt about that specifically if he is willing to answer. If he is not he can exercise his privilege.

Mr. HOLT. Is that a question, Senator?

The CHAIRMAN. I am going to ask you a question.

The testimony was here that this man Blaustein and you were together quite a bit, and he apparently operated out of local 805 headquarters, and obviously he is a dope peddler.

When he went to buy an automobile, he represented to the finance agency from whom he was securing a loan that he was an employee of local 805. The application shows that you were called and asked about it, and you reported to the finance company that he was an employee at a salary of \$10,000 a year.

Now, do you want to say you did or did not have such a telephone call, and whether you did or did not make such a report to the finance company?

Mr. HOLT. I respectfully, sir, am advised that to go beyond what I have already said might result in a waiver of my rights upon which I desire to stand.

The CHAIRMAN. In other words, because of possible self-incrimination, you are unwilling to state whether you answered such a telephone call and whether you gave the information as reported on this application? You can realize that if he was not an employee of the labor organization as stated on this application, that to so state would be a false representation, of course, do you not?

Mr. HOLT. I have stated my position as clearly as I could, Mr. Senator.

The CHAIRMAN. All right. I will ask you one other question:

You also realize, I am sure, that if he was a dope peddler operating out of the union hall, if that was within your knowledge and you permitted him to do that, that is beneath the dignity of decent unionism and that decent honest unionism would not tolerate such activity, do you not?

(The witness conferred with his counsel.)

Mr. HOLT. Again respectfully, Mr. Senator, I cannot go beyond what I have already said for fear it might result in a waiver of my rights.

The CHAIRMAN. Well, I will leave that to you. I just cannot believe, in fact, I know it is not true, that unionism in America, the great majority, the decent segment of it, would countenance such conduct. I think for it to happen in a union, if it did happen, is very disgraceful.

Is there anything further?

TESTIMONY OF GEORGE M. KOPECKY—Resumed

Mr. KENNEDY. Mr. Kopecky, do we find that Mr. Holt received some money in 1955 and 1956, or 1956 and 1957?

Mr. KOPECKY. He received dividends in 1956 and 1957 on stock of Continental Industries which we talked about earlier.

Mr. KENNEDY. How much were those dividends?

Mr. KOPECKY. Total of \$3,600; \$1,256 and 2,400 in 1957.

Mr. KENNEDY. Did he declare that?

Mr. KOPECKY. He did not.

Mr. KENNEDY. He received the money and did not declare it?

Mr. KOPECKY. That is correct.

The CHAIRMAN. Is that some of the stock he bought with this borrowed money?

Mr. KOPECKY. Yes, sir.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. I might say, Mr. Chairman, in salaries and expenses according to the records he received some \$21,220 in 1958, some \$20,000 in 1957.

We also have here a letter dated November 3, 1958, that Mr. Holt wrote to Mr. Hoffa which is of some interest.

TESTIMONY OF MILTON HOLT, ACCOMPANIED BY COUNSEL, JOSEPH E. BRILL—Resumed

The CHAIRMAN. Mr. Holt, I present to you what appears to be the original of a letter dated November 3, 1958, addressed to Mr. James R. Hoffa, general president, International Brotherhood of Teamsters, which appears to have the signature of Milton Holt. I will ask you to examine it and state if you recognize it and identify it as a letter written by you.

(The document was handed to the witness.)

(The witness conferred with his counsel.)

The CHAIRMAN. You have examined the document, have you?

Mr. HOLT. I again respectfully, sir, state that to go beyond what I have already said might result in a waiver of my rights on which I desire to stand.

The CHAIRMAN. Let the record show that in the presence of the official reporter, the members of the committee, his own counsel, and the press, and all others present, that he did examine the letter and had the opportunity to see it.

The letter will be made exhibit No. 43.

(Document referred to was marked "Exhibit No. 43" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. I want to read it.

The CHAIRMAN. Might I inquire further from any member of the staff who procured this letter under subpoena?

TESTIMONY OF PAUL J. TIERNEY—Resumed

Mr. TIERNEY. Senator, I procured the letter.

The CHAIRMAN. You have been previously sworn, and you procured this letter under subpoena from the files of whom?

Mr. TIERNEY. From the International Brotherhood of Teamsters in Washington.

Mr. KENNEDY (reading):

NOVEMBER 3, 1958.

Mr. JAMES R. HOFFA,
General President, International Brotherhood of Teamsters,
Washington, D.C.

DEAR SIR AND BROTHER: We are proud to inform you that at a general membership meeting of local 805, International Brotherhood of Teamsters held on September 29, 1958, the members of local 805, International Brotherhood of Teamsters unanimously approved a resolution previously adopted by our executive board and advisory committee, that a vote of confidence be given to General President James R. Hoffa and the general executive board. Be it

Resolved, That the actions taken by you and the general executive board have been for the best interests of the rank and file membership of our international union, and that the Senate committee is guilty of the most serious threat of the destruction of the labor movement by their unfair actions against you; be it further

Resolved, The membership of local 805, International Brotherhood of Teamsters, heartily endorse you, our general president, and the general executive board of the International Brotherhood of Teamsters, for not succumbing to the atrocities performed against you by the Senate committee, and we are certain that after the air is cleared you will have established yourself as the champion of the entire labor movement, for it is you and you alone who has had the courage to withstand this tremendous onslaught against labor, where weaker leaders have failed.

TESTIMONY OF MILTON HOLT, ACCOMPANIED BY COUNSEL, JOSEPH E. BRILL—Resumed

The CHAIRMAN. Do you mean to use the term or the word "labor" as synonymous with crooks, hoodlums, gangsters, scoundrels of the lowest order? That is the question.

Mr. HOLT. I am advised that to go beyond what I have already said might result in a waiver of my rights, Mr. Senator.

The CHAIRMAN. Well, this charge of destroying the labor movement, when we get people up here who are thieves and crooks, all kinds of law violators, narcotic agents, and that crowd, and when we undertake to show what is going on in that area within certain seg-

ments, I hope considerably limited segments of organized labor, those who are guilty holler we are trying to destroy the labor movement in the country.

Well, I know that isn't true because I know that all of the labor movement in this country, and a great majority of it, cannot come within that category. If we are trying to get some crooks and folks out of the labor movement by simply exposing their corruption and their misdeeds, if that is against unionism, then I don't know the meaning of decent unionism.

Is there anything further?

Mr. KENNEDY. The last paragraph states:

The entire membership of Local 805, International Brotherhood of Teamsters, have instructed me to wish you Godspeed, good health, and continued success.

Senator CURTIS. Mr. Holt, are you acquainted with the man to whom you wrote this letter?

Mr. HOLT. I have stated my position as clearly as I could before, Mr. Senator.

Senator CURTIS. Well, I want you to answer that.

Mr. HOLT. I am advised that to go beyond what I have already said might result in a waiver of my rights, and I want to stand upon those rights.

Senator CURTIS. You looked at the letter. It is addressed to James R. Hoffa. Now, do you know him?

Mr. HOLT. I have asserted my privilege, Mr. Senator, most respectfully.

The CHAIRMAN. What does he say about their destroying unionism? I didn't get the full impact.

Mr. KENNEDY. "Atrocities."

Senator CURTIS. Here it is.

The CHAIRMAN. Where you say this committee is guilty of the most serious threat of the destruction of the labor movement by their unfair actions against you, you won't reflect upon it, no doubt, but I think the people of this country who are interested will.

The greatest threat to the destruction of decent, honest unionism in this country emanates from sources that cannot testify to facts they know without possible self-incrimination, and from the evil practices that this committee has exposed.

Is there anything further?

Mr. KENNEDY. I might say, Mr. Chairman, Holt was identified by Mr. Furman, a union official who has been with the unions for some 28 years, identified in the testimony this morning. When Mr. Furman called Mr. Holt and tried to get them to use union workers at the camp they purchased, in upstate New York, Mr. Holt finally said to him, "Why should we bother with you hillbilly union officials and you hillbilly locals?"

Is that correct, Mr. Holt?

Mr. HOLT. Mr. Kennedy, I have established my position as clearly as I could previously. I stand upon those rights.

The CHAIRMAN. All right. You may stand aside.

Senator CURTIS. I want to ask a question.

You are still an official in the Teamsters Union?

Mr. HOLT. Senator, I am advised that to go beyond what I have already said might result in the waiver of my rights, on which I desire to stand.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. All right. Thank you. Stand aside.

Call the next witness.

Mr. KENNEDY. Mr. Abe Gordon.

The CHAIRMAN. Come forward, please. Be sworn.

You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. GORDON. I do.

**TESTIMONY OF ABE GORDON, ACCOMPANIED BY COUNSEL,
JOSEPH E. BRILL**

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. GORDON. My name is Abe Gordon. I live at 1011 Neilson Street, Far Rockaway.

The CHAIRMAN. Would you give us your occupation or business, Mr. Gordon?

Mr. GORDON. I respectfully decline to answer because my answer might tend to incriminate me.

The CHAIRMAN. Do you have counsel?

Mr. GORDON. I do.

The CHAIRMAN. Let the record show the same counsel appears for Mr. Gordon as appeared for Mr. Holt.

Mr. BRILL. Joseph E. Brill, 165 Broadway, New York, N.Y.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Gordon, you are vice president of local 805, International Brotherhood of Teamsters, and administrator of the welfare, and pension fund of local 805?

Mr. GORDON. I respectfully decline to answer because my answer might tend to incriminate me.

Mr. KENNEDY. And you have been identified before this committee as making the purchase, with \$85,000 of pension funds, the purchase of a piece of property from your cousin, Mr. Robbins, property which was, according to the assessor, not worth more than \$25,000.

Can you explain that to us?

Mr. GORDON. I respectfully decline to answer because my answer might tend to incriminate me.

Mr. KENNEDY. You have also been identified as taking some \$8,000, at least, of union funds, pension funds, and depositing them in your own bank account.

Would you explain that to us?

Mr. GORDON. I respectfully decline to answer because my answer may tend to incriminate me.

Mr. KENNEDY. Mr. Chairman, could I call Mr. Arthur Schneier, of the New York State Insurance Department, who has made an investigation of the situation?

The CHAIRMAN. Let me ask Mr. Gordon a question while the next witness is coming forward.

Mr. Gordon, the real estate transaction gives rise to inquiry as to what actually went on there on the basis of this testimony.

Would you like to clear it up, or do you prefer to leave the record as it is?

Mr. GORDON. I respectfully decline to answer because my answer might tend to incriminate me.

The CHAIRMAN. There may be quite sufficient grounds on the basis of the testimony that has been given for belief that there was some fraud committed against this welfare fund, provided for the benefit of union members. Do you say that no fraud was committed against them?

Mr. GORDON. I respectfully decline to answer because my answer might tend to incriminate me.

The CHAIRMAN. Well, if there wasn't, if you are sure there wasn't, I doubt if your answer would incriminate you.

(The witness conferred with his counsel.)

The CHAIRMAN. Don't you?

Mr. GORDON. Is that a question, Senator?

The CHAIRMAN. Yes.

Mr. GORDON. I respectfully decline to answer because my answer might tend to incriminate me.

The CHAIRMAN. Be sworn.

You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SCHNEIER. I do.

TESTIMONY OF ARTHUR SCHNEIER

The CHAIRMAN. State your name, your place of residence, and your business or occupation, please, sir.

Mr. SCHNEIER. My name is Arthur Schneier. I reside at 90-15 197th Street, New York. I am an examiner for the State of New York Insurance Department.

The CHAIRMAN. How long have you been in that position?

Mr. SCHNEIER. I have worked for the State of New York in that capacity since February of 1946.

The CHAIRMAN. Have you been there some 31½ years?

Mr. SCHNEIER. 1946, sir. Thirteen years, roughly.

The CHAIRMAN. I see. More than 13 years.

All right; proceed.

Mr. KENNEDY. Mr. Chairman, I might say that we are going into what the Department of Insurance of the State of New York has found in connection with this welfare fund.

First, in understanding Mr. Abe Gordon, he is an extremely important official in the Teamsters because of his close personal friendship with Mr. Hoffa, as you pointed out in your opening statement. He is one of Mr. Hoffa's closest associates in New York City. He has close ties with the major underworld figures in New York City.

One of his closest associates was Mr. Johnny Dioguardi.

The CHAIRMAN. Let me ask you at this point: If he makes any statement that is inaccurate and you wish to correct it, you are at liberty to do so under oath.

Mr. GORDON. Thank you.

The CHAIRMAN. All right.

Mr. KENNEDY. Mr. Chairman, when the paper locals were being set up, it was established before our committee that Johnny Dioguardi seated the office of Mr. Abe Gordon, local 805, to make all of the arrangements. There were telephone calls during the pertinent period of time between Mr. Abe Gordon and Mr. James Hoffa.

Subsequently, when Mr. Hickey and Mr. Lacey challenged the seating of the delegates, there were telephone calls down to Florida to Mr. Abe Gordon, who was vacationing there at the time, and then immediately there were telephone calls to Mr. Owen Bert Brennan at his private telephone number.

He has been linked, according to the testimony before our committee, as I have stated, with the major underworld figures of New York. He is of far greater importance in this investigation than merely the head of local 805, mostly because of the many contacts he has with the underworld.

Again, as background, Mr. Lacey refused to allow, or objected to, his being seated in the joint council election in New York City in 1956 on the ground that he was not a union official, that he was an employer, that he owned the Gordon Trucking Co.

We are going to go into that matter in a few minutes. It is of interest to note that the Gordon Trucking Co., of which Mr. Gordon is the owner, does not have a union contract; that the Gordon Trucking Co. operates nonunion.

The CHAIRMAN. Mr. Gordon, do you want to make any comment before we proceed with further testimony?

Mr. GORDON. I respectfully decline to answer because my answer might tend to incriminate me.

The CHAIRMAN. If you just say no, that wouldn't tend to incriminate you.

Proceed.

Mr. KENNEDY. Now, he is the administrator of the welfare fund, Mr. Chairman.

Once again, to determine whether these individuals who have these backgrounds and these close associations with Mr. Hoffa are interested in the union membership, are interested just in themselves, I would like Mr. Schneier to tell us how the welfare fund was set up and what the trust instrument provides for the operation of this welfare fund.

Mr. SCHNEIER. The welfare fund was organized——

The CHAIRMAN. A little louder.

Mr. SCHNEIER. The welfare fund was organized on September 15, 1950. According to information that we have, Mr. Gordon was designated as administrator on October 3, 1950.

Mr. KENNEDY. Were there unusual provisions in the trust instruments as far as the administrator is concerned?

Mr. SCHNEIER. The trust agreement is unique in many respects. In the course of my employment I have seen a great number of trust agreements of welfare funds. This one stands out in its provisions.

The CHAIRMAN. In its provisions or lack of provisions.

Mr. SCHNEIER. Well, in its specific provisions.

The CHAIRMAN. Specific provisions?

Senator CURTIS. What, for instance?

Mr. SCHNEIER. The average trust agreement places the power in the hands of trustees, and some of them do provide that certain administrative powers are designated to an administrator.

In this specific trust agreement most of the powers are given directly to the administrator.

Senator CURTIS. Who is the administrator?

Mr. SCHNEIER. Mr. Abe Gordon.

The CHAIRMAN. The witness.

Senator CURTIS. How much money does he handle? Based upon your investigation, how much is involved?

Mr. SCHNEIER. The welfare fund has total contributions of approximately \$300,000 per year. That is contributions that come into the welfare fund; yes.

The CHAIRMAN. In other words, the fund has an income of \$300,000 a year?

Mr. SCHNEIER. That is correct, sir.

Senator CURTIS. Over how wide a territory are the members scattered?

Mr. SCHNEIER. Mainly in the New York City area. The Greater Metropolitan New York area.

Senator CURTIS. He has sole charge of that?

Mr. SCHNEIER. Yes, sir.

Senator CURTIS. Mr. Gordon, have you taken good care of that money? Is it all intact for the members?

Mr. GORDON. I respectfully decline to answer because my answer might tend to incriminate me.

Mr. KENNEDY. The answer to that, of course, is one of the things we had this morning: They used \$85,000 to buy a lot of land from his cousin which was worth \$25,000 at the most. But let us go through, if we may, some of the provisions of this trust agreement.

Article 3, section 3, provides that the administrator has sole and exclusive power to formulate, control, and regulate any and all welfare programs.

Mr. SCHNEIER. That is correct.

The CHAIRMAN. You mean no one else has even the responsibility of counseling or advising or making any decision?

Mr. SCHNEIER. Yes, sir.

The CHAIRMAN. Once he makes the decision it is final, there is no appeal from it?

Mr. SCHNEIER. Yes, sir; that is correct.

Senator CURTIS. Who signed this trust agreement?

Mr. KENNEDY. Let me go through these provisions. It is the most shocking instrument you can imagine.

Section 3 provides he file an annual report, but unless the trustees submit written objections within 90 days it shall be considered adopted and approved in full.

Is that right?

Mr. SCHNEIER. That is correct, sir.

Mr. KENNEDY. And section 4 further provides that the administrator is free from any liability or accountability to anyone with respect to the propriety of his action or transactions unless these objections are presented within that period of time.

Mr. SCHNEIER. That is correct.

The CHAIRMAN. Otherwise, if it developed after 3 months that he had stolen half of the money——

Mr. SCHNEIER. There is no recourse then.

The CHAIRMAN. By the contract he could not even be prosecuted, could he?

Mr. SCHNEIER. That is correct.

The CHAIRMAN. If the contract was carried out?

Mr. SCHNEIER. Yes, sir.

Senator CURTIS. This is not a trust agreement; it is a bequest.

Mr. KENNEDY. There has never been any objections filed; is that correct?

Mr. SCHNEIER. That is correct.

Mr. KENNEDY. Section 6 confers on the administrator full authority to hire and fire.

Section 7 provides that he alone shall sign all checks.

Section 11 provides that the administrator shall have sole discretion on all investments. He shall not be restricted to securities commonly known as legal investments for trust funds.

Mr. SCHNEIER. Yes, sir. These are the specific provisions in the trust agreement. I have a copy of it here, sir.

The CHAIRMAN. If you just nod to us that does not get in the record. Let us get the answer.

Mr. KENNEDY. Article 5, section 1, provides that the administrator shall have complete and exclusive control over all the accounts, funds, property, investments, and financial affairs of the welfare fund; is that right?

Mr. SCHNEIER. Yes, sir.

Mr. KENNEDY. Under the trust indenture the administrator fixed his own compensation.

Mr. SCHNEIER. That he did, sir.

Mr. KENNEDY. And he fixed it at 10 percent of all contributions.

Mr. SCHNEIER. It was set originally at 10 percent of all contributions.

Mr. KENNEDY. With additional 2 percent for expenditures.

Mr. SCHNEIER. Yes.

Mr. KENNEDY. And the tenure of his position was for life.

Is that right, Mr. Gordon?

Mr. GORDON. I respectfully decline to answer because my answer might tend to incriminate me.

The CHAIRMAN. In the interest of honor and decency, are you willing now to resign?

Mr. GORDON. I respectfully decline to answer because my answer may tend to incriminate me.

Senator CURTIS. Who signed it?

Mr. SCHNEIER. The four trustees to the welfare fund.

Senator CURTIS. Who were they?

Mr. SCHNEIER. I have the signatures right here. Hyman Oriel and Jack Kaplan, employer trustees, and Albert Greenberg and Milton Holt, the union trustees.

Senator CURTIS. Who are those employer trustees?

Mr. SCHNEIER. Mr. Hyman Oriel is an officer, I believe, in the Oriel Tobacco Co. I have that information here. The company's name is A. Oriel Co.

Mr. KENNEDY. How do you spell that?

Mr. SCHNEIER. O-r-i-e-l. Jack Kaplan is an officer in the M. Kaplan Tobacco Co.

Mr. KENNEDY. Who are the employee trustees?

Mr. SCHNEIER. Albert Greenberg, who is the president of local 805, and Milton Holt, who, I believe, is secretary-treasurer.

The CHAIRMAN. Do you have an extra copy of this agreement?

Mr. SCHNEIER. Yes, I have.

The CHAIRMAN. It may be made exhibit No. 44.

(Trust agreement referred to was marked "Exhibit No. 44" for reference and may be found in the files of the select committee.)

Senator CURTIS. One more question: Did somebody in the State government of New York have to approve that plan?

Mr. SCHNEIER. No, not at that time, sir. The welfare fund was organized in 1950, as I stated previously, and we had no authority over welfare funds prior to September 1956.

Senator CURTIS. You have no authority over welfare funds that are being collected currently by reason of an agreement?

Mr. SCHNEIER. Currently, if they come under the Taft-Hartley Act and are jointly administered funds, they have to register with our department and are subject to examination.

The CHAIRMAN. It is my opinion that that contract would be set aside by a court of equity as a contract against public policy and of unconscionable provisions.

If a union member as of now is prohibited from bringing a suit for that purpose, I am of the opinion that if the Kennedy-Ervin bill, which passed the Senate with the bill of rights amendment in it, is approved by the House of Representatives and becomes law, any member of this local could then institute suit successfully to cancel that contract. I hope that that will be done.

Proceed.

Senator CURTIS. Is he bonded?

Mr. SCHNEIER. I am not certain of that, Senator.

The CHAIRMAN. Does that provide for any bond?

Mr. SCHNEIER. The trust agreement I believe does not.

Senator CURTIS. Mr. Gordon, who was your lawyer that drew that up?

Mr. GORDON. I respectfully decline to answer because my answer might tend to incriminate me.

Senator CURTIS. It might incriminate him, too.

Mr. KENNEDY. I might say he has been asked that question by the Insurance Commission during the various investigations they conducted of the fund, and he would never tell them the answer to that question either.

Now just going through quickly, you made investigation of 1954, 1955?

Mr. SCHNEIER. Our department did, yes, sir.

Mr. KENNEDY. You found in 1954 that the administrative expenses were 26 percent of contributions?

Mr. SCHNEIER. Yes, sir. They were 26 percent in 1954. They averaged around that in the years immediately preceding 25, 26, 27, in that range.

The CHAIRMAN. What do you mean by that?

Mr. SCHNEIER. That is the ratio of expenses to contributions coming into the fund, or to put it differently, for each dollar that came in, 26 cents was spent on expenses.

The CHAIRMAN. On administration?

Mr. SCHNEIER. On administrative expenses.

The CHAIRMAN. In other words, 26 percent of \$300,000 a year is spent for administration?

Mr. SCHNEIER. Roughly.

The CHAIRMAN. \$75,000, \$76,000, \$80,000.

Mr. SCHNEIER. Actually it was slightly less than that because in this period the contributions were a little less than \$300,000. This is going back 3 years. They were about \$270,000, I believe. But roughly a quarter of that went to administrative expenses.

The CHAIRMAN. That includes his salary or commission out of it which is about \$20,000?

Mr. SCHNEIER. That includes Mr. Gordon's salary and other union officials' salaries, also.

There were various other union officials that were on the payroll.

The CHAIRMAN. All of them?

Mr. SCHNEIER. Practically all of them.

Senator CURTIS. For how much salary?

Mr. SCHNEIER. The amounts varied, but I can give you an example. In one particular year two of the officers of local 805, Mr. D'Ewart got \$5,200.

The CHAIRMAN. What for? What kind of work? Does it say?

Mr. SCHNEIER. That was a little hard to establish.

The CHAIRMAN. You have not been able to establish?

Mr. SCHNEIER. Mr. Holt also received \$5,200.

The CHAIRMAN. \$5,200?

Mr. SCHNEIER. Yes, sir, in 1 year's time.

In addition, each of them got \$1,300 as an expense allowance.

The CHAIRMAN. \$1,300 expense allowance?

Mr. SCHNEIER. Two other union officials, Mr. Swilling and Mr. Greenberg, each received \$1,820 salary and approximately \$780 in expenses. Two employer trustees, Mr. Kaplan and Mr. Oriel both received \$3,800 in salary.

The CHAIRMAN. What do they get paid for? They have no responsibility. They cannot do anything about it.

Mr. SCHNEIER. This was rather unusual in any event to have employer trustees on the payroll of the welfare fund.

Mr. KENNEDY. Then the legal fees were excessive.

Mr. SCHNEIER. The legal fees were quite high.

The CHAIRMAN. Let us get some ideas about that and who got them.

Mr. SCHNEIER. They were given to various members of the—it was not one particular lawyer that received it all.

Mr. KENNEDY. Not Mr. Brill.

Mr. SCHNEIER. I have an item of \$7,150 that was paid out in legal fees, but I don't have the details as to what particular counsel received them.

Senator CURTIS. Have you examined the corpus of the fund that existed?

Mr. SCHNEIER. The fund is in existence by all means. It has spent part of its money to procure insured benefits for its members and also spent a good part on the summer camp up at Wurtsboro, N.Y.

Senator CURTIS. Whose benefit is the camp for?

Mr. SCHNEIER. Theoretically for the members of the union. However, there seems to be some question about that particular aspect. For one thing there are somewhere between 1,800 and 2,000 members of the union, and despite the fact that the union has or that the welfare fund has spent in the neighborhood of a quarter of a million dollars on this camp there are only 30 rental units available.

Now, I had calculated that if each union member got 2 weeks stay at this camp, then one member would not get a chance of staying there more than once in 12 years.

Senator CURTIS. And a quarter of a million dollars was spent?

Mr. SCHNEIER. A quarter of a million; yes.

The CHAIRMAN. Of course, in the meantime, some of them would die and never get to go.

Mr. SCHNEIER. Senator, I would like to make another statement on that. In going over the records of who was at the summer camp, I find that one of the cottages was rented to a Mrs. Naomi Gordon, who I believe is the mother of Abe Gordon, for the entire season. So that one of the union members never got a chance at occupying.

The CHAIRMAN. She may be a union member. You don't know?

Mr. SCHNEIER. I don't know that, sir.

There was another cottage rented to Nathan Gordon for the season.

The CHAIRMAN. How many cottages were there?

Mr. KENNEDY. That is the brother.

The CHAIRMAN. How many did you say there were?

Mr. SCHNEIER. Thirty in all.

The CHAIRMAN. Well, that leaves 28, now that some member might get a chance at it.

Mr. KENNEDY. Nat Gordon is not a member of the union.

Mr. SCHNEIER. No, he isn't a member of the union.

The CHAIRMAN. He is not a member?

Mr. SCHNEIER. No, sir.

The CHAIRMAN. Go ahead.

Mr. SCHNEIER. Several other union officials, Abe Greenberg, Ervin D'Ewart, and Daniel Ornstein, had occupied cottages for varying periods from 4 to 8 weeks each summer.

The CHAIRMAN. Any charge for them?

Mr. SCHNEIER. The records show that they did pay a season rental on some of these cottages where they were rented for the entire season, or the regular rental where they were rented for periods of so many weeks.

There is a David Ornstein who also rented a cottage for from 5 to 8 weeks. I believe he is a relative of Daniel Ornstein, a junior officer. The funds accountant, Mr. Eisenberg, had rented a cottage up to 5 weeks. And some other members of the union executive board apparently got them for varying periods.

The CHAIRMAN. Did you find where any rank-and-file member was able to squeeze in for a day or two?

Mr. SCHNEIER. A few of them did, but many of the cottages, you can see by this, were not available.

The CHAIRMAN. I know, but did one happen to get in occasionally?

Mr. SCHNEIER. Yes, sir; some of them do.

Actually, as you can see, because of the fact that some cottages are occupied by union officers, the members' chances were probably far less than 1 in 12 years. He was lucky if it was 1 in 20.

Mr. KENNEDY. Let's give some other examples. Executives of the union and the trustees of the fund, the accountant and the attorney receive \$11,000 insurance coverages; is that right?

Mr. SCHNEIER. Yes. I might explain that, that the average member is covered for \$3,000 of life insurance, but there are a select few who are covered for \$11,000.

Mr. KENNEDY. And the premiums of that are paid by the union?

Mr. SCHNEIER. In the case of the union officers, the union pays it.

Mr. KENNEDY. And for the employer trustees, and the accountant and the attorney, the welfare fund pays it?

Mr. SCHNEIER. The welfare fund bore the cost.

Mr. KENNEDY. When you inquired of Mr. Gordon in 1954 and 1955, would he answer any questions about the operation?

Mr. SCHNEIER. Mr. Gordon was called in before the New York department for questioning, and at his first appearance, June 4, 1954, he was very uncooperative. He resorted to the fifth amendment on practically all questions that were put to him. We called him in again on June 17, 1954, and at that time he made a few statements but not many.

In some cases he pleaded the fifth amendment and in others his memory was exceedingly bad. However, one of the things that was put to him was as to who drafted this trust indenture, and Mr. Gordon claimed that he couldn't remember who drafted it.

The CHAIRMAN. What drafted what?

Mr. SCHNEIER. The trust agreement I quoted from earlier.

The CHAIRMAN. He doesn't remember who drafted it?

Mr. SCHNEIER. Yes.

The CHAIRMAN. He testified to that under oath?

Mr. SCHNEIER. Yes.

Mr. KENNEDY. In the 1955 examination, it disclosed just one change. After you had been critical of the trust agreement in 1954, in your examination, the 1955 examination showed that he had made one change; is that correct?

Mr. SCHNEIER. I am not sure there was just one.

Mr. KENNEDY. One major change, Mr. Schneier. In 1955 the examination showed that he had changed the administration of the welfare fund from a life term to 15 years; is that right?

Mr. SCHNEIER. Yes. That was after criticism by our department of his holding office for life. It was changed to 15 years.

Mr. KENNEDY. He reduced that to 15 years?

Mr. SCHNEIER. Yes.

The CHAIRMAN. There has been a modification of the contract?

Mr. SCHNEIER. Not of the trust agreement, but of his own employment contract; yes.

Mr. KENNEDY. Then his percentage was reduced in 1956 to 9 percent, and on September 1, 1956, and 8 percent in 1957; is that right?

Mr. SCHNEIER. That is correct. At the present time he is getting 8 percent. He is still getting 2 percent additional for expenses.

Mr. KENNEDY. For which there are no vouchers?

Mr. SCHNEIER. No vouchers.

The CHAIRMAN. In other words, he gets a total of 10 percent?

Mr. SCHNEIER. I might add that in addition to the 2 percent flat expense allowance that he is receiving, the welfare fund has also paid sums to the Concord Hotel. I have a record of some \$5,517.71 that was paid for his room rental at the Concord Hotel for the period June 1954 to September 1955.

The CHAIRMAN. That was in addition to his commission of 8 percent and 2 percent for expenses?

Mr. SCHNEIER. That was in addition to that.

The CHAIRMAN. He charged the fund \$5,000 how much?

Mr. SCHNEIER. \$5,517.71.

The CHAIRMAN. For a hotel bill?

Mr. SCHNEIER. At the Concord Hotel, which is a summer resort, the hotel referred to earlier.

The CHAIRMAN. Was he there with all of his family? What does the record show?

Mr. SCHNEIER. As far as I know, he holds the room alone.

The CHAIRMAN. For what period of time was the \$5,000 charged?

Mr. SCHNEIER. During the period between June 1954 and September 1955, roughly 15 or 16 months.

The CHAIRMAN. Is there anything else? Was he furnished a big car, too?

Mr. SCHNEIER. Well, not during the period of my examination. However, the welfare fund did pay for a certain amount of telephone expenses.

The CHAIRMAN. I think we had a car in it. Didn't we have an automobile in it?

Mr. SCHNEIER. That was beyond the period of my examination.

The CHAIRMAN. You may not know about it, but I was thinking we had a car rental in here this morning.

Mr. SCHNEIER. That was in late 1958-59, I believe, sir. My examination only covered an earlier period.

The CHAIRMAN. You didn't cover that period?

Mr. SCHNEIER. No, sir.

Senator CURTIS. Does the staff have information, Mr. Chairman, whether or not he is on other union payrolls besides this one?

Mr. KENNEDY. That is the only one that we know he is on, Senator.

The CHAIRMAN. What salary does he get from the local?

Mr. KENNEDY. He does not.

The CHAIRMAN. In other words, he is not an officer of the local?

Mr. KENNEDY. He is an officer, but he does not receive any salary.

The CHAIRMAN. He gets all of his money out of the pension and welfare?

Mr. KENNEDY. That is correct.

How much does he receive?

Mr. SCHNEIER. Currently he is receiving 8 percent of contributions as salary and 2 percent expenses.

Mr. KENNEDY. What did that amount to last year?

Mr. SCHNEIER. The last period I had was from the period June 1, 1956, to May 31, 1957, and at that period he had received \$26,534 in salary, plus \$5,851, and some odd cents in allowances, making a total of \$32,386.32.

Incidentally, our records show that in a period of 5½ years Mr. Gordon had received approximately \$174,947.09.

Mr. KENNEDY. Mr. Chairman, just in reference to the Concord Hotel again, we have the records of the Concord Hotel for Mr. and Mrs. Tom Dioguardi, and the notation says: "Charge entire bill to room C-83, Abe Gordon. Do not collect any money at all."

Then we have Mr. and Mrs. Johnny Dioguardi, with a notation at the bottom "Abe Gordon."

The CHAIRMAN. Has anyone testified to those records?

Mr. KENNEDY. Mr. Tierney can put them in.

The CHAIRMAN. Mr. Tierney, you have already been sworn. Did you procure those records from where?

Mr. TIERNEY. I procured them by subpoena from the Concord Hotel.

The CHAIRMAN. They may be made exhibit No. 45.

(Documents referred to were marked "Exhibit No. 45" for reference and may be found in the files of the select committee.)

The CHAIRMAN. What do they show, that Mr. Gordon took the Dios and their wives up there and put them up at the hotel and charged it to the welfare fund?

Mr. TIERNEY. With respect to the records on Mr. and Mrs. Tom Dioguardi, the notation thereon is: "Charge entire bill to room C-83, Abe Gordon. Do not collect any money at all."

These were part of the records we were unable to get from the hotel, so we cannot tell whether the money was actually paid. We can draw what conclusions we can from these facts.

The CHAIRMAN. At any rate, from those records, it wasn't collected from the Dioguardis?

Mr. TIERNEY. That is correct.

The CHAIRMAN. Did Dioguardi pay his bill or did you arrange to handle all of that little detail?

Mr. GORDON. I respectfully decline to answer because my answer might tend to incriminate me.

Mr. KENNEDY. Mr. Schneier, from your review and from the information that the insurance department has in New York, would you say that this is one of the worst administered funds of any insurance fund?

Mr. SCHNEIER. Yes, sir; I would say it is one of the worst.

Mr. KENNEDY. As far as the administration?

Mr. SCHNEIER. As far as the administration is concerned; it is also high as far as expense ratios are concerned.

Mr. KENNEDY. Have you recommended that they dispose of this property up there?

Mr. SCHNEIER. In my report, I recommended that the property be disposed of as soon as practicable.

Mr. KENNEDY. Because a large percentage of the surplus funds are in that property; is that right?

Mr. SCHNEIER. It is a constant drain on the fund. The resort owes the welfare fund some \$20,647.

Mr. KENNEDY. It runs at a deficit?

Mr. SCHNEIER. It runs at a deficit.

The CHAIRMAN. What runs at a deficit?

Mr. SCHNEIER. The resort. The rentals that are brought in there do not meet the expenses.

The CHAIRMAN. How much deficit?

Mr. SCHNEIER. \$20,647.40, as of the date of my examination.

The CHAIRMAN. Who pays the deficit?

Mr. SCHNEIER. Well, ultimately it comes back to the welfare fund.

The CHAIRMAN. The welfare fund is paying the deficit?

Mr. SCHNEIER. Yes, sir.

The CHAIRMAN. In other words, the Gordons, the Dios, and that gang that goes up there don't pay enough to cover their expenses; is that right?

Mr. SCHNEIER. Yes, sir.

The CHAIRMAN. All right.

Mr. KENNEDY. Mr. Chairman, just to—we have finished with Mr. Schneier.

The CHAIRMAN. Thank you very much. You may stand aside.

Mr. KENNEDY. We have had the testimony in connection with the background of some of the individuals, and we have also had some references to the Gordon Trucking Co., the associates of Mr. Gordon.

I would like to call Mr. Sherman Willse to give some of the background of some of those people who worked for Mr. Gordon.

The CHAIRMAN. Have him come around.

In the meantime, Mr. Gordon, you understand the testimony is being given in your presence. If there is any part of it that is inaccurate or untrue, you are invited and respectfully urged to refute or to give proper explanation of it.

You don't have to answer; you don't have to take the fifth on it.

You are just invited to do it, period.

Proceed.

Mr. KENNEDY. Do you want to swear Mr. Willse?

The CHAIRMAN. You do solemnly swear the evidence you shall give before this Senate Select Committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. WILLSE. I do.

TESTIMONY OF SHERMAN S. WILLSE

The CHAIRMAN. State your name.

Mr. WILLSE. My name is Sherman Willse. I am a member of the staff of this committee. I live in Long Island, N.Y.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Mr. Willse, from your investigation of Mr. Abe Gordon's activities have you found that he is in contact and has associates with the major underworld figures in New York City?

Mr. WILLSE. Yes; it starts out with his business associates.

Mr. KENNEDY. Do we find that a considerable number of these traffic in narcotics?

Mr. WILLSE. Yes, sir.

Mr. KENNEDY. And did the individuals that he was associated with in Gordon Trucking Co. initially have police records?

Mr. WILLSE. Yes, sir.

Mr. KENNEDY. Could you summarize those?

Mr. WILLSE. All right.

When the company was started it was started by Gordon——

The CHAIRMAN. When?

Mr. WILLSE. In 1937, by a man named Nathan Rosen and William Winters. At that time Nathan Rosen had already been arrested six times, three of those for narcotics violations; one was a conviction. Subsequently, while associated with the company, Rosen was convicted of selling narcotics.

William Winters came with the company with one arrest for policy, and while with the company he also was convicted of the sale of narcotics. In 1947, one Phillip Kavolick, known as Spick Farvel—

Mr. KENNEDY. How many arrests did he have?

Mr. WILLSE. Ten arrests at the time he associated himself with A. & P. Cordage.

Mr. KENNEDY. That was also owned by Gordon?

Mr. WILLSE. Yes, sir. We believe the "A" was for Abe and the "P" for Phil. They were associates.

Mr. KENNEDY. What happened as far as he was concerned?

Mr. WILLSE. He had 10 arrests at the time he came with the company. One of those was in 1931 when he was arrested with Lepke Buchalter, who was subsequently executed; Jake Shapiro, who died in Sing Sing doing 15 years for garment extortion, and who had been an associate; Harry Greenberg, known as Big Greenie, was killed on the west coast, in which Frankie Carbo, Benjamin Siegel, Allen Tannenbaum, Ben Krakauer, and Harry Siegel, and all were involved; Joe Rosen, known as Joe Statcher, who had an interest in the Runyon Sales Co.; Henry Teitelbaum, who was a chauffeur for Shapiro and Buchalter, and also Nig Rosen, with whom he was convicted last year for narcotics traffic; Lou Kravitz, who was also a chauffeur for Buchalter, and in 1940 went away for a Federal narcotics violation; and a Hyman Holtz.

Mr. KENNEDY. Now these individuals, the three individuals you name, were the people he started out in business with; is that right?

Mr. WILLSE. Yes, sir.

Mr. KENNEDY. Then you have the employees; do you have records of his employees?

Mr. WILLSE. Yes, sir; examining payroll records of the Gordon Trucking Co. which went from 1953 through 1958, plus the address in the telephone directory, we find Nicholas Palmiotto, who has seven arrests and three convictions and is categorized in the gangster file of the New York City Police Department.

On one arrest of his in 1947 two associates were Carmine Galante and Joseph DiPalermo, both of whom were convicted and sentenced in the Vito Genovese narcotics case.

Ralph Donatelli, who was arrested six times and convicted four times. He was a close associate of Louie King, who took Lucky Luciano's place at Hester and Mulberry Streets in New York, which used to be his headquarters.

Louie King appeared at the same table at the wedding of the daughter of Michael Clemente, who was convicted of waterfront extortion, with Johnny Dio; Tom Dio; Jimmy Rush, who, with Jimmy Piccarrelli, was regarded as Lucky Luciano's U.S. representative, and Mr. Joseph Schepani, also on the Federal narcotics list; Artie Donatelli, who is assumed to be a brother of Ralph, and who has two arrests with two convictions; Eddie Capra, two arrests and two convictions for

grand larceny and robbery; Christopher Galluzzo, with two arrests, one conviction, that for robbery with a gun.

Mr. KENNEDY. Christopher Galluzzo?

Mr. WILLSE. Yes.

Mr. KENNEDY. Alias "Christie"?

Mr. WILLSE. Right.

Mr. KENNEDY. Are you sure of that? He has six arrests with five convictions.

Mr. WILLSE. I am sorry; that is correct.

Mr. KENNEDY. We don't want to mistreat him. Six arrests and five convictions?

Mr. WILLSE. Yes.

Joseph Scorezzese, four arrests with three convictions; Scorezzese was in an arrest in 1954 with Max Kaplan. Max Kaplan at that time was manager and employed by the Reed Shoulder Pad Co., and also connected with the United Sportswear. Both of those companies were Johnny Dio's. Charles Weiss, who was arrested——

Mr. KENNEDY. How many arrests does he have?

Mr. WILLSE. He has one arrest, possession of two guns.

He was arrested when he fired a shot through the wall of the next apartment.

Those are the employees.

The CHAIRMAN. Those are the employees of the Gordon Trucking Co.?

Mr. WILLSE. Yes, sir; so far as we can determine from the records.

The CHAIRMAN. Recent employees?

Mr. WILLSE. Some of them are. The records only went up to 1958.

The CHAIRMAN. You don't have them since 1958?

Mr. WILLSE. No, sir.

The CHAIRMAN. For this year?

Mr. WILLSE. No, sir.

The CHAIRMAN. But these are employees of the trucking company, Gordon Trucking Co., owned by this witness?

Mr. WILLSE. Yes, sir.

Senator CURTIS. May I inquire? Was this a general trucking business or was it some specialty hauling or what was it?

Mr. WILLSE. Their specialty would seem to be picking up bonded merchandise from the West Side piers. It was bonded under a customhouse license.

Mr. KENNEDY. Then we have the fact that a trustee of local 805, Mr. DeRoma, has a record of eight arrests, six convictions, including one on a murder charge, and two narcotics violations?

Mr. WILLSE. That is correct.

Mr. KENNEDY. Mr. Chairman, we have here a list of about 20 individuals who are close associates of Mr. Gordon, all who have serious criminal backgrounds. Isn't that correct, Mr. Willse?

Mr. WILLSE. Yes, sir.

Mr. KENNEDY. And have been associated with Mr. Gordon. I don't know if you want to put them in the record.

The CHAIRMAN. Read off their names and let me ask Mr. Gordon if they are close associates of his.

Mr. WILLSE. George Baker.

Mr. KENNEDY. Blaustein, Baker, Tillinger, Schwartz, Meglino, Lomars, Granello, Chase. Those are some of them.

The CHAIRMAN. Do you know any of those parties?

Mr. GORDON. I respectfully decline to answer because my answer may tend to incriminate me.

Mr. KENNEDY. What about Mr. Lomars? He was an associate of Mr. Lomars as was Mr. Holt; is that correct?

Mr. WILLSE. Yes, sir; he came to our attention when Milton Holt applied for permission to visit him, classifying him as his friend in 1943 when Lomars was in Sing Sing. Lomars had been arrested two times. The first time in 1937 for felonious assault, at which time he was a business agent of the AFL Confectionery & Tobacco Jobbers Union.

In 1940, which is the time he was in Sing Sing, he held the same position, and he was involved in a jewel robbery with several other people when they took \$78,000 worth of jewels from Mrs. Joseph Forrestal, that is, Mrs. James V. Forrestal, later he was Under Secretary of the Navy. They took that at the point of a gun. Lomars and two of the others were classed as the leaders of a million-dollar gang of jewel thieves.

TESTIMONY OF ABE GORDON, ACCOMPANIED BY COUNSEL,
JOSEPH E. BRILL—Resumed

Mr. KENNEDY. Is he a friend of yours, Mr. Gordon?

Mr. GORDON. I respectfully decline to answer because my answer may tend to incriminate me.

Mr. KENNEDY. Isn't it correct that your association, your power in the union and friendship with Mr. Hoffa, is based on the fact that you have these close associates in the underworld?

Mr. GORDON. I respectfully decline to answer because my answer might tend to incriminate me.

Mr. KENNEDY. You have never done anything for the members of your union; have you?

Mr. GORDON. I respectfully decline to answer because my answer might tend to incriminate me.

The CHAIRMAN. Is your trucking business unionized? Do your employees belong to a union?

Mr. GORDON. I respectfully decline to answer because my answer might tend to incriminate me.

The CHAIRMAN. I never knew it would incriminate anybody to belong to a union or because his employees belonged to a union.

Do you want to comment?

Mr. GORDON. I respectfully decline to answer because my answer might tend to incriminate me.

Mr. KENNEDY. Mr. Gordon was with Mr. Hoffa in both the trials in New York. He was down here for at least part of the time during Mr. Hoffa's difficulties with the courts here. He was in the headquarters of the International Brotherhood of Teamsters at least part of the time, as Mr. Hoffa admitted, when Mr. Hoffa appeared before this committee in 1958.

As I have said, he is one of Mr. Hoffa's closest associates in New York City. Based on our investigation we find that it is because of Mr. Gordon's associations with the underworld of New York City.

The CHAIRMAN. OK. Is there anything further?

Mr. KENNEDY. That is all for this gentleman.

The CHAIRMAN. That is all for Mr. Gordon.

Mr. KENNEDY. But he is under subpoena if we need him.

The CHAIRMAN. You will remain under continuing subpoena of the committee subject to being recalled, upon notice being given to you or your counsel.

Do you agree?

Mr. GORDON. Yes.

Mr. KENNEDY. Miss Frances Blaustein.

The CHAIRMAN. Will you be sworn, please?

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Miss BLAUSTEIN. I do.

TESTIMONY OF FRANCES BLAUSTEIN, ACCOMPANIED BY COUNSEL, JACQUES M. SCHIFFER

The CHAIRMAN. Be seated.

State your name, your place of residence, and your business or occupation, please.

Miss BLAUSTEIN. My name is Frances Blaustein. I live at 24 Fifth Avenue, New York City.

The CHAIRMAN. Are you employed?

Mr. SCHIFFER. May I request, Senator, I would like to put a brief statement on the record in view of some of the testimony before your committee today.

The CHAIRMAN. Just one moment.

Are you employed?

Miss BLAUSTEIN. I respectfully decline to answer because it may tend to incriminate me.

The CHAIRMAN. Do you have counsel present?

Miss BLAUSTEIN. Yes.

The CHAIRMAN. Counsel, identify yourself for the record.

Mr. SCHIFFER. Jacques M. Schiffer, 32 Broadway, New York.

The CHAIRMAN. The Chair will ask the witness again whether you are employed or if you have a business or occupation.

Miss BLAUSTEIN. I respectfully decline to answer because it may tend to incriminate me.

The CHAIRMAN. Now, Mr. Attorney, you may make your request.

Mr. SCHIFFER. You will recall, Mr. Chairman, there has been reference to a name similar to this witness named Blaustein. I believe his first name was Ben or Benjamin.

We should like the committee to know that there was a consultation between the staff and myself for the purpose of that particular individual and that it was made known to the committee. The only relative this witness had was a Blaustein which was killed in the Second World War in the Battle of the Bulge.

The CHAIRMAN. Your statement will not be regarded as evidence. It is not a question; we have not asked anything about her relationship. Witnesses who cannot come in here to state whether they are employed, if they have a business or profession without possible self-incrimination, will not be permitted to get something in the record by indirection that they are not willing to testify to on direct examination.

All right. Any further questions?

Mr. KENNEDY. Yes.

Miss Blaustein, you now operate the Gordon Trucking Co., the A. & P. Cordage Co.; is that correct?

Miss BLAUSTEIN. I respectfully decline to answer because it may tend to incriminate me.

Mr. KENNEDY. Will you tell us why Mr. Gordon turned over the operation of those two companies to you?

Miss BLAUSTEIN. I respectfully decline to answer because it may tend to incriminate me.

Mr. KENNEDY. Isn't it correct that you are operating them for Mr. Abe Gordon?

Miss BLAUSTEIN. I respectfully decline to answer because it may tend to incriminate me.

Mr. KENNEDY. Is it not correct that these companies operate non-union?

Miss BLAUSTEIN. I respectfully decline to answer because it may tend to incriminate me.

The CHAIRMAN. How many employees have you? Will you tell us how many people are employed by these companies?

Miss BLAUSTEIN. I respectfully decline to answer because it may tend to incriminate me.

The CHAIRMAN. I would like to know for the record if the staff has it.

Have you been sworn, Mr. Martin?

Mr. MARTIN. Yes.

TESTIMONY OF GEORGE H. MARTIN—Resumed

The CHAIRMAN. Have you made some inquiry?

Mr. MARTIN. Yes. We have examined the payroll books covering the period from May 1953 through 1958. The number of employees varies from 5 to 6 up to as high as 10 or 12, according to the periods.

The CHAIRMAN. Is that for both companies?

Mr. MARTIN. No; just the Gordon Trucking Co.

The CHAIRMAN. How about the other one?

Mr. MARTIN. The A. & P. Cordage Co. apparently has only one or two employees.

Mr. KENNEDY. Mr. Martin, we find that the last contract that this company had was dated October 17, 1946, with a labor union?

Mr. MARTIN. The only contract we have been able to find, of course, when the subpoena was served on Miss Blaustein—her attorney stated that there were no other labor contracts, but we did find one back in 1947.

Mr. KENNEDY. Have we found from a comparison of the payroll books for the past 6 years that the rates in the standard contract of the Teamsters in the New York City area are higher than the rates that are being paid to the individuals who work for Gordon Trucking Co.?

Mr. MARTIN. That is correct. There is only one exception to the rule. For the most part the salaries being paid are anywhere from \$3 to \$5 a week less than the union scale.

The CHAIRMAN. You mean these companies that this witness is operating for Gordon, according to our information, are paying sub-

standard wages to the employees; that is, less than the going wage, contract wage, by labor?

Mr. MARTIN. That is correct, Senator, with one exception: There is one name on the payroll—you are talking about Gordon Trucking now?

The CHAIRMAN. I am talking about the two trucking companies.

Mr. MARTIN. There is only one trucking company. The other, the A. & P. Cordage Co., deals in twine and paper.

The CHAIRMAN. I am talking about any trucking company. This is the Teamsters Union official who is operating and managing apparently a pension and welfare fund for a labor organization and for the Teamsters.

They are always very anxious apparently to get everybody organized and I am trying to ascertain whether if these folks are not organized, why, and whether they are paying the standard wages, contract wages paid by others, or if they keep them out of the organization, make no contract so that they can pay substandard wages.

Mr. MARTIN. The payroll book, Senator, shows that for the last three Teamster contracts, including the current one which is effective as of September 1, 1958, the employees are receiving from \$3 to \$5 less than the scale called for.

The CHAIRMAN. Per week?

Mr. MARTIN. Per week.

Senator CURTIS. Is the witness on the payroll of this company?

Mr. MARTIN. She is on the payroll of this company.

Senator CURTIS. For how much?

Mr. MARTIN. I believe the figure was \$75 a week.

For the week December 31, 1958, she was on the payroll for \$90. That seems to be the present rate.

The CHAIRMAN. Is that correct?

Miss BLAUSTEIN. I respectfully decline to answer because it may tend to incriminate me.

Mr. KENNEDY. Do we find that with one or two isolated exceptions, no overtime has been paid to these employees?

Mr. MARTIN. That is correct. There are one or two instances in here where there is an indication of payment of overtime.

The CHAIRMAN. Do you find indications of overtime work?

Mr. MARTIN. There have been. I have been advised by officials of two Teamster Unions up there that they have received complaints, that Gordon Trucking has been permitted to operate their people overtime, and other truckers have made complaints.

Mr. KENNEDY. There have been complaints from truckers that this company is receiving favorite treatment from the Teamsters?

Mr. MARTIN. That is correct.

Mr. KENNEDY. Mr. Gordon was supposed to withdraw from this company in what period of time?

Mr. MARTIN. According to various statements that he has made to investigative bodies, he has claimed to have withdrawn in 1951.

Mr. KENNEDY. Have we found that he has had financial transactions in connection with this company after 1951?

Mr. MARTIN. He has used the facilities of A. & P. Cordage for personal loans as late as 1954. He is also receiving \$50 a month from Gordon Trucking and has down through the years.

Mr. KENNEDY. From our investigation, does it appear that Mr. Abe Gordon is still in control of this company?

Mr. MARTIN. That would seem to be a logical conclusion.

**TESTIMONY OF FRANCES BLAUSTEIN, ACCOMPANIED BY COUNSEL,
JACQUES M. SCHIFFER—Resumed**

Mr. KENNEDY. Can you tell us anything about that?

Miss BLAUSTEIN. I respectfully decline to answer because it may tend to incriminate me.

Mr. KENNEDY. What was the reason that Mr. Gordon allowed you to run the company for him?

Miss BLAUSTEIN. I respectfully decline to answer because it may tend to incriminate me.

Mr. KENNEDY. That is all, Mr. Chairman.

Senator CURTIS. Did you get any money out of this welfare fund?

Miss BLAUSTEIN. I respectfully decline to answer because it may tend to incriminate me.

Mr. KENNEDY. I might say that the records don't show anywhere, that we have received, that Miss Blaustein ever paid for this company, ever put up any money to gain control of this company. Of course, she refuses to give any information as to how she obtained control, so it would appear from the records and from our investigation that the company is still controlled by Mr. Gordon, and it was this reason that, as I say, Mr. Lacey and Mr. Hickey opposed the votes of Mr. Gordon in the election of 1956 in the joint council.

The CHAIRMAN. Is there anything further?

Do you want to correct any statement that has been made here?

Miss BLAUSTEIN. I respectfully decline to answer because it may tend to incriminate me.

The CHAIRMAN. You can say no. That wouldn't incriminate you.

Miss BLAUSTEIN. No.

The CHAIRMAN. You are excused.

Mr. KENNEDY. We have a different matter to go into now, Mr. Chairman, and that is dealing with Mr. Raymond Cohen. As you remember, we subpoenaed Mr. Cohen to appear before the committee. You might want to call him.

The CHAIRMAN. Mr. Raymond Cohen, come forward.

Be sworn, please.

You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. COHEN. I do.

**TESTIMONY OF RAYMOND COHEN, ACCOMPANIED BY COUNSEL,
SAMUEL DASH**

The CHAIRMAN. Mr. Cohen, you have previously testified before the committee, have you?

Mr. COHEN. Yes.

The CHAIRMAN. Will you state your present business or occupation, please, sir?

(The witness conferred with his counsel.)

Mr. COHEN. Secretary-treasurer and business manager of Teamsters Local 107, Philadelphia.

The CHAIRMAN. I forgot to ask you to state your name. That is Raymond Cohen?

Mr. COHEN. My name is Raymond Cohen, and I live in Brigantine, N.J.

The CHAIRMAN. Counsel, will you identify yourself for the record?

Mr. DASH. Samuel Dash, 1328 Land Title Building, Philadelphia, Pa.

The CHAIRMAN. All right, Mr. Kennedy.

Mr. KENNEDY. Mr. Cohen, before I get into the matter that arose the other day, you appeared before this committee, I believe, in 1958, and there were established certain irregularities in the use of union funds on your part.

Has Mr. Hoffa taken any action to remove you from office, Mr. Cohen?

(The witness conferred with his counsel.)

Mr. COHEN. I decline to answer the question under the fifth amendment.

Mr. KENNEDY. Have you returned to the union any of the money you took from the union?

Mr. COHEN. I decline to answer the question under the fifth amendment.

The CHAIRMAN. How much was shown?

Mr. KENNEDY. Some \$250,000 that was misused and some \$500,000 that was more questionable.

Is that correct, Mr. Cohen? Are my figures correct?

Mr. COHEN. I decline to answer the question under the fifth amendment.

Senator CURTIS. Mr. Chairman——

The CHAIRMAN. Senator Curtis?

Senator CURTIS. Do you hold the same position in this union now that you did when this matter was presented in public hearing before?

(The witness conferred with his counsel.)

Mr. COHEN. Yes, Senator.

Senator CURTIS. Has there been any move to remove you?

(The witness conferred with his counsel.)

Mr. COHEN. I decline to answer the question under the fifth amendment.

Mr. KENNEDY. Actually, Senator, he has been promoted. After we showed that he had misused \$500,000, he was taken down to Miami and on Mr. Hoffa's slate he was promoted to trustee for the whole international union. He is one of the three trustees in charge of all of the funds of the international union.

Evidently Mr. Hoffa felt he did such a good job with local 107's funds that he wanted to put him in charge of all of the money of the union.

The CHAIRMAN. Is that correct, Mr. Cohen? You have been promoted?

(The witness conferred with his counsel.)

Mr. COHEN. Yes, Senator.

The CHAIRMAN. And what is the position that you now hold in the international?

(The witness conferred with his counsel.)

Mr. COHEN. I am a trustee of the International Brotherhood of Teamsters.

The CHAIRMAN. What are your duties and responsibilities in that connection?

Mr. COHEN. I decline to answer the question under the fifth amendment.

The CHAIRMAN. Well, they are honest, aren't they? There is nothing dishonest about your duties and responsibilities, is there?

(The witness conferred with his counsel.)

Mr. COHEN. I decline to answer the question under the fifth amendment.

The CHAIRMAN. If they are honest, I don't see how it could incriminate you. Are you implying or leaving the inference that your duties there are dishonest? Counsel just said, after showing about the \$250,000 and \$500,000 as an officer of the local with no explanation, with the matter not cleared up, that you got this promotion, which you acknowledged you received.

Is that an added qualification for being entrusted with greater responsibility?

Mr. COHEN. Is that a question, Senator?

The CHAIRMAN. Yes.

Mr. COHEN. I decline to answer the question under the fifth amendment.

The CHAIRMAN. Are we actually confronted here with a situation where the bigger the thief is the more responsibility and opportunity is afforded him? Are you going to leave that implication?

Mr. COHEN. I decline to answer the question under the fifth amendment.

The CHAIRMAN. All right. Proceed.

Mr. KENNEDY. Mr. Chairman, Mr. Cohen was subpoenaed to appear here last week, I believe on Tuesday or Wednesday——

Mr. DASH. Wednesday, sir.

Mr. KENNEDY. And we——

Mr. DASH. On Thursday he was subpoenaed to appear, to be here on Thursday.

Mr. KENNEDY. We received notification, I believe on Wednesday, that he was ill and that there was to be a doctor's certificate forwarded to the committee. Am I correct on the date?

Mr. DASH. Yes, Mr. Kennedy, that is true. I called you on the telephone.

Mr. KENNEDY. I think we talked about it.

Mr. DASH. That is correct.

Mr. KENNEDY. Mr. Dash said he was representing Mr. Cohen, and Mr. Cohen was ill, and that he had talked to him on the telephone and had sounded ill; that he would not be able to appear; that he was getting a doctor's certificate, which ultimately arrived, from a Dr. William Hughes, saying that Mr. Cohen was too ill to appear.

I believe we discussed at that time the fact that it would take a week or so before Mr. Cohen would be able to come. I believe that we set up Wednesday morning as to the time that he would appear.

Mr. DASH. That is correct, Mr. Kennedy.

Mr. KENNEDY. We went through our hearings on Thursday. On Friday, Senator, we received a message from Philadelphia that Mr. Cohen was fishing and was participating in the tuna tournament in Atlantic City.

So during the noon hour, having full confidence in Mr. Dash and the reputation which he enjoys, the finest reputation in Philadelphia, I made a telephone call to him. I stated that we had received information that Mr. Cohen was not ill but that he was out, away from his home.

Mr. Dash was concerned. We discussed it, and he said he would make a call to Mr. Cohen's home to find out about the situation. We discussed the fact that I would like to send an investigator up to see Mr. Cohen and visit him, that it wouldn't be necessary to talk to him, but just to see that he was still in his house and was ill.

Mr. Dash called me back some 10 minutes later and said that he had just talked to Mr. Cohen, that Mr. Cohen sounded very ill, that he had awakened Mr. Cohen up from a sleep or that his mother-in-law had gone up and awakened Mr. Cohen, who had been asleep, that Mr. Cohen sounded very ill.

We discussed at that time the fact that we might still send an investigator up to Mr. Cohen's home. I believe that was the termination of the conversation.

Mr. DASH. That is true, Mr. Kennedy.

Mr. KENNEDY. Then I sent an investigator, as we had heard that Mr. Cohen was participating in the tuna tournament. I sent an investigator to the dock in Atlantic City, and he went there with a camera. He took a picture of Mr. Cohen at around 5:30 Friday evening, or around 5 o'clock, I believe. I am not sure of the time. It was Friday.

So Mr. Cohen was requested to come down to the committee. He came down. He was first requested to come down on Saturday, because our investigator subpoenaed him when he met him on the dock on Friday and took his picture. He subpoenaed him to come down on Saturday. He and Mr. Dash came down. It was postponed until today. He is here under those subpoenas today.

The CHAIRMAN. Have we a calendar here so I can get my bearings?

Mr. KENNEDY. Is that a fair recitation of the facts?

Mr. DASH. Yes, it is, Mr. Kennedy.

The CHAIRMAN. The statement of the doctor was given on the 24th day of June, which would be Thursday of last week. Is that correct?

Mr. DASH. No; the affidavit was given on Wednesday of last week, Senator.

The CHAIRMAN. It would be Wednesday of last week.

Mr. DASH. That is true, sir.

The CHAIRMAN. Wednesday of last week.

The affidavit will be printed in the record at this point, the affidavit from the physician. Among other things, it says:

Your deponent further states that it is his professional opinion that Mr. Cohen cannot leave his bed to attend to any matters of business or to appear before the U.S. Senate Committee on Improper Activities in the Labor or Management Field for at least 1 week without seriously endangering his health.

The affidavit was given by Dr. J. William Hughes, Jr., of 3002 Brigantine Avenue, Brigantine, N.J.

(The affidavit referred to follows:)

AFFIDAVIT

STATE OF NEW JERSEY,
County of Atlantic, ss:

J. William Hughes, Jr., of 3002 Brigantine Avenue, Brigantine, N.J., being duly sworn according to law, deposes and says that he is a physician duly licensed by the State of New Jersey to practice medicine and that he has examined Raymond Cohen, 1605 Brigantine Avenue, Brigantine, N.J., on June 23, 1959, and has on the basis of this examination determined that the said Raymond Cohen has a severe virus infection and must be confined to bed for about 1 week. Your deponent further states that it is his professional opinion that Mr. Cohen cannot leave his bed to attend to any matters of business or to appear before the U.S. Senate Committee on Improper Activities in the Labor or Management Field for at least 1 week without seriously endangering his health.

J. WM. HUGHES, Jr., M.D.

Sworn to and subscribed before me this 24th day of June A.D. 1959.

BERTHA O'NEILL,
Notary Public of New Jersey.

My commission expires August 26, 1962.

Mr. DASIL. Senator, the doctor has voluntarily come to Washington and is present in this room as a voluntary witness.

The CHAIRMAN. That is fine. All right. We will be glad to hear him.

As I understand you, counsel, this was given on Wednesday. On Friday—who was the investigator that went up there?

Mr. KENNEDY. We sent somebody from our Philadelphia office, Mr. Chairman.

The CHAIRMAN. Is he present?

Mr. KENNEDY. He is not. It was George Nash who went up.

The CHAIRMAN. We may have to have him.

Mr. KENNEDY. We have pictures that he took at that time.

The CHAIRMAN. Unless these folks can identify them, we may have to send for the investigator to have him here.

Mr. Cohen, I present to you a photograph which shows a dozen fish and four people. I ask you to examine it and state if there is anything in that photograph that you identify, particularly the people present shown in it.

(The photograph was handed to the witness.)

(The witness conferred with his counsel.)

The CHAIRMAN. Do you identify that photograph?

Mr. COHEN. Yes.

The CHAIRMAN. Do you know when it was taken?

(The witness conferred with his counsel.)

Mr. COHEN. Yes.

The CHAIRMAN. The photograph may be made exhibit No. 46.

(Photo referred to was marked "Exhibit No. 46" for reference and may be found in the files of the select committee.)

The CHAIRMAN. Do you recognize anyone in the photograph?

Mr. COHEN. Yes, sir.

The CHAIRMAN. Are you in that photograph?

Mr. COHEN. Yes; I am.

The CHAIRMAN. Where and when was the photograph taken?

(The witness conferred with his counsel.)

Mr. COHEN. The photograph was taken on the dock at the tuna tournament in Atlantic City, N.J.

The CHAIRMAN. When?

Mr. COHEN. Did you say when, Senator?

The CHAIRMAN. Yes.

Mr. COHEN. Friday afternoon, around 20 minutes after 5, last Friday.

The CHAIRMAN. Would that be on the Friday following the 24th day of June 1959?

Mr. COHEN. Yes, sir.

The CHAIRMAN. How long had you been at the dock when that picture was taken?

(The witness conferred with his counsel.)

Mr. COHEN. I would say approximately 30 minutes; maybe 35.

The CHAIRMAN. What had you been doing previous to that, that day?

(The witness conferred with his counsel.)

Mr. COHEN. I was home in bed.

The CHAIRMAN. How come you were able to get out of bed and go down to the dock?

(The witness conferred with his counsel.)

Mr. COHEN. My wife had called me around 3:30 this afternoon to tell me that she had been fortunate enough to catch a lot of tuna fish, and asked me if the doctor would permit me to come over to the dock to help to share in some of her honors when she arrived in Atlantic City.

The CHAIRMAN. She had been in a fishing contest?

Mr. COHEN. Yes.

The CHAIRMAN. And in the course of that contest had won some prize?

Mr. COHEN. Yes.

The CHAIRMAN. Do the fish in this picture represent her catch?

Mr. COHEN. Her catch and her catch alone.

The CHAIRMAN. And that catch did win a prize in the contest?

Mr. COHEN. It won several prizes.

The CHAIRMAN. All right; it won prizes in the contest?

Mr. COHEN. Yes, sir.

The CHAIRMAN. And the fish were being exhibited there as a part of that contest and as a prize-winning exhibit?

Mr. COHEN. Yes, sir.

The CHAIRMAN. And you left your sick bed to go down to be present and have your picture made with the fish that were taking the prize?

(The witness conferred with his counsel.)

Mr. COHEN. Yes; I did, against the doctor's orders.

The CHAIRMAN. The doctor, when you called him, told you not to go?

Mr. COHEN. No, sir; I didn't call the doctor. The doctor came to my house at 4:30 to give me another treatment that same afternoon.

The CHAIRMAN. The doctor actually appeared at your house and gave you a treatment at 4:30?

Mr. COHEN. Yes, sir.

The CHAIRMAN. At 5:30 you were down on the dock with your picture being made?

Mr. COHEN. Yes, sir.

The CHAIRMAN. According to some information the Chair has about this, you had been at the dock for quite some time, and we got that information. I don't know how our man could have gotten the information and gotten down there so quickly. We will go into that further. I just wanted you to give your explanation on it now.

Is there any further statement you wish to make about it?

(The witness conferred with his counsel.)

Mr. COHEN. Well, Senator, I became ill on the 21st, which was on a Sunday. I was confined in bed on a Sunday night with chills and fever, and the doctor came on Monday, the 22d, and gave me some capsules, and told me that I would have to stay in bed, that I had a serious virus infection, and that if I left the bed I might turn into pneumonia, and I stayed in bed all last week until 4:30 on Friday afternoon, and after the doctor left the house I left the house.

The CHAIRMAN. You were in bed when the doctor came?

Mr. COHEN. When the doctor came, I was sitting in a chair. I got up to try to exercise my legs a little bit.

The CHAIRMAN. You had been in bed?

Mr. COHEN. Yes, sir.

The CHAIRMAN. And the minute the doctor left, you went to the docks?

Mr. COHEN. Well, I would say 5 minutes after the doctor left.

The CHAIRMAN. Sir?

Mr. COHEN. I would say 5 minutes after the doctor left I had somebody drive me over to the docks.

The CHAIRMAN. All right, 5 minutes after the doctor left you drove to the docks.

How long did you stay at the docks?

Mr. COHEN. From approximately 20 minutes to 5 to about 24 or 25 minutes after 5.

The CHAIRMAN. And where did you go when you left the docks at 5:24 or 5:25?

Mr. COHEN. I rushed to my home.

The CHAIRMAN. Then what did you do?

Mr. COHEN. Sat around the house talking to my two sons about the tuna tournament where their mother won some prizes.

The CHAIRMAN. Did you feel any ill effects from your journey to the docks?

Mr. COHEN. Yes.

The CHAIRMAN. How did you respond to that? What did you do about it?

Mr. COHEN. Just kept taking those pills which were prescribed.

The CHAIRMAN. Did you go back to bed?

Mr. COHEN. I think I laid down on the couch after I had a light dinner.

The CHAIRMAN. You had a light dinner and lay down a while. Then what did you do?

Mr. COHEN. Well, before I had left the dock to go home I was handed a subpoena.

The CHAIRMAN. You were handed what?

Mr. COHEN. A subpoena to appear in front of this committee on Saturday morning. After I had my light dinner and sat around a while I started making some phone calls and arrangements to get transportation to get here on Saturday morning.

The CHAIRMAN. Did you go out anywhere that night?

Mr. COHEN. I could have walked around the block or down the street.

The CHAIRMAN. I hand you another photograph and ask you to examine it and see if you identify yourself in it. Do you recognize your picture in that photograph?

Mr. COHEN. Yes; I do.

The CHAIRMAN. When was it made?

Mr. COHEN. Sometime Saturday evening.

I am sorry—sometime Friday evening. Saturday evening I was on my way home from here.

The CHAIRMAN. So, Friday evening, after you had been to the docks and after you had gone home and felt some bad reaction from it and after you had dinner and lay down for a while and after you made some telephone calls, this picture was made of you—where?

Mr. COHEN. At the Tuna Club.

The CHAIRMAN. You had gone down to the Tuna Club?

Mr. COHEN. Sir?

The CHAIRMAN. You had gone to the Tuna Club?

Mr. COHEN. Yes, sir.

The CHAIRMAN. Did you get any bad reaction from that?

Mr. COHEN. I was pretty weak, but I still felt it was my duty to be there.

The CHAIRMAN. You still felt it was your duty to be at the Tuna Club?

Mr. COHEN. Yes, sir. Incidentally I saw the doctor while I was there, also.

The CHAIRMAN. The next day you came to Washington?

Mr. COHEN. The next morning.

The CHAIRMAN. The picture may be made exhibit 46-A.

(Photograph referred to was marked "Exhibit No. 46-A" for reference and may be found in the files of the select committee.)

The CHAIRMAN. Is there anything further, Mr. Kennedy?

Mr. KENNEDY. No.

Mr. DASH. Senator, the doctor, Dr. Hughes, has been involved in a statement. His affidavit has been entered in the record. It certainly is his statement, his sworn statement. He has come down to Washington voluntarily. I respectfully request that he be given permission to appear before you and answer questions concerning Mr. Cohen's illness.

The CHAIRMAN. The Chair intends to hear Dr. Hughes. I won't ask any more questions of this witness at the present.

Yes, Dr. Hughes should be heard, and we welcome the opportunity for him to testify.

Is there anything further?

Mr. KENNEDY. No. It is just one of the great coincidences of all times that we received the information that you were down fishing and we sent an investigator down there and he happens to find you on the docks.

The CHAIRMAN. I want to get that nailed down just a little now.

You say you did not go to the docks until about 4:30, sometime after 4:30?

Mr. COHEN. I am sorry. I was asking my attorney for some advice.

The CHAIRMAN. I understood your testimony, and I want to get it accurately. I am glad you are well, if you were sick, of course, or that your health is improved. I don't like to see anybody sick.

At the same time neither do I like to do this work, and it is arduous, you know that; this is not pleasant. The job this committee has is trying to ferret out these things in the hope that we might get some laws enacted to prohibit some of these things that are going on; but it certainly goes against the grain when people, if they undertake to impose upon the committee, whether they succeed or whether they don't, and make its burden much greater by reason of such imposition.

Now I want you to state positively under oath whether you had not gone to the docks that day at any time until after the doctor visited you at 4:30 Friday afternoon.

Had you been to the docks before that, that day?

Mr. COHEN. No, sir, I did not leave my house from the time I came home sick on Sunday, the 21st, until 4:30 on last Friday afternoon when the doctor left.

The CHAIRMAN. At what time did you go down to the Tuna Club that night?

Mr. KENNEDY. Was that a dance that night?

Mr. COHEN. No; that was the awarding of the prize to the participants.

The CHAIRMAN. What time that night did you go down there?

Mr. COHEN. Approximately 6:45, 6:50.

The CHAIRMAN. In the meantime, prior to that you had gone home at 5:30 from the docks when this picture was made; you had had your dinner; you had lain down awhile and rested, walked around some and made some telephone calls, and got down to the Tuna Club by 6:30; is that right?

Mr. COHEN. Yes; that is right.

The CHAIRMAN. Pretty fast.

Mr. COHEN. I thought it was a great honor to go down and participate with my wife.

The CHAIRMAN. I thought that was pretty fast action for a sick man. How far is it from your house down to the docks?

Mr. COHEN. About 5 minutes.

The CHAIRMAN. All right, 5 minutes down to the docks. How far is it from your house to the Tuna Club?

Mr. COHEN. Another minute and a half.

The CHAIRMAN. Another minute and a half. You mean 6½ minutes from your house?

Mr. COHEN. Approximately 6 or 7 minutes.

The CHAIRMAN. How many telephone calls did you make?

Mr. COHEN. I made two or three, I think.

The CHAIRMAN. How long a nap or rest did you take after dinner?

Mr. COHEN. Maybe just a few minutes, to stretch out.

The CHAIRMAN. How long did you talk to your sons?

Mr. COHEN. Not very long, because they were on their way out to their girl friends.

The CHAIRMAN. How long did it take you to get your dinner?

Mr. COHEN. I don't know how long it would take to eat a bowl of soup. That is all I had.

The CHAIRMAN. How long a walk did you take? How long a time did you walk around?

Mr. COHEN. Maybe less than a half block.

The CHAIRMAN. Let us hear the doctor for a moment.

All right, you may stand aside for the present. You may be recalled.

Mr. KENNEDY. Doctor Hughes.

The CHAIRMAN. You may just sit there behind him if you like.

Doctor, will you be sworn?

You do solemnly swear that the evidence you shall give shall be the truth, the whole truth, and nothing but the truth, so help you God?

Dr. HUGHES. I do.

TESTIMONY OF DR. J. WILLIAM HUGHES, JR., ACCOMPANIED BY COUNSEL, JACQUES M. SCHIFFER

The CHAIRMAN. All right, Doctor, be seated. State your name.

Dr. HUGHES. J. William Hughes, Jr., M.D.

The CHAIRMAN. According to the affidavit that the Chair has ordered printed in the record and which you submitted with regard to your patient, Mr. Raymond Cohen, you live at 3002 Brigantine Avenue, Brigantine, N.J.; is that correct?

Dr. HUGHES. That is correct.

The CHAIRMAN. You are a duly licensed and practicing physician?

Dr. HUGHES. Yes, sir.

The CHAIRMAN. How long have you been practicing?

Dr. HUGHES. Twenty-seven years.

The CHAIRMAN. Doctor, we have your affidavit. Any statement you wish to make in addition to it we will be glad to hear.

Dr. HUGHES. Well, the affidavit I gave is a flexible affidavit. I mean by that a prognosis of recovery is an approximate period of time. Some recover far more quickly than others.

The CHAIRMAN. The affidavit was given on the 24th?

Dr. HUGHES. My original note was on the 23d.

The CHAIRMAN. I note here you say on June 23, 1959.

Dr. HUGHES. Yes.

The CHAIRMAN. On the basis of the examination you made that day on the 23d you determined that he had a severe virus infection and must—must—be confined to bed for about a week.

Dr. HUGHES. About 1 week, yes.

The CHAIRMAN. Now the next day did you see him again?

Dr. HUGHES. I saw him every day from June 22, 1959; June 23, 1959; June 24; June 25; and June 26, 1959.

The CHAIRMAN. Did you see him on the afternoon of the 24th or 25th?

Dr. HUGHES. Yes, approximately around 4:15.

The CHAIRMAN. He said 4:30. It was some after 4 o'clock?

Dr. HUGHES. Yes, my office hours are 2 to 4. As soon as I am through with office hours I make house calls.

The CHAIRMAN. You went by to see him?

Dr. HUGHES. Yes.

The CHAIRMAN. Was that in response to a call from his or just routine on checking up?

Dr. HUGHES. On the 22d I examined him and he had a severe virus infection, temperature 103°.

The CHAIRMAN. On the 22d?

Dr. HUGHES. That is right.

The CHAIRMAN. You first examined him on the 22d?

Dr. HUGHES. That is right.

The CHAIRMAN. On the 23d you made another examination?

Dr. HUGHES. Yes.

The CHAIRMAN. That is the one you had made, the last examination you had made before giving your affidavit?

Dr. HUGHES. Yes. His temperature was still elevated.

The CHAIRMAN. You had examined him twice before you made the affidavit, once on the 22d and once on the 23d?

Dr. HUGHES. That is right.

The CHAIRMAN. When you examined him on the 25th what was his condition when you went by to see him that afternoon?

Dr. HUGHES. He had general muscular aching and temperature of 99°. I told him to continue with the prescription of aureomycin.

The CHAIRMAN. Was he able then to be out and around?

Dr. HUGHES. He was still in bed.

The CHAIRMAN. When you saw him he was in bed?

Dr. HUGHES. That is right.

The CHAIRMAN. I thought he testified a few moments ago he was sitting up in the chair.

Dr. HUGHES. That was the 26th.

The CHAIRMAN. So he was mistaken?

Dr. HUGHES. Yes. He was in bed until the 26th.

The CHAIRMAN. He was in bed until the 26th?

Dr. HUGHES. That is right.

The CHAIRMAN. So when you went to see him on the 25th, that is the day after you gave the affidavit——

Dr. HUGHES. That is right.

The CHAIRMAN. The day after you gave the affidavit he was in bed when you arrived?

Dr. HUGHES. That is right.

The CHAIRMAN. Did he remain in bed until you left?

Dr. HUGHES. Oh, sure.

The CHAIRMAN. Was he undressed, was he properly dressed for bed or dressed for the street?

Dr. HUGHES. Pajamas.

The CHAIRMAN. What time did you leave?

Dr. HUGHES. About 4:15, 4:20.

The CHAIRMAN. You got there about 4:15, didn't you?

Dr. HUGHES. Yes. It is only about 13 blocks to his house from my house.

The CHAIRMAN. I wasn't talking about the distance. I mean how long did you stay and visit with him?

Dr. HUGHES. Approximately 10 or 15 minutes.

The CHAIRMAN. So you left him in bed when you left?

Dr. HUGHES. That is right.

The CHAIRMAN. If he was down at the docks that afternoon a little while after you left, he had to dress pretty hurriedly.

Dr. HUGHES. Not on the 24th. On the 26th, the date of my last visit. He was up in the chair at that time.

Mr. DASH. I think there was a misunderstanding by the witness as to the date. He has been testifying as to the 25th, and I think your questions are aimed at the 26th.

The CHAIRMAN. Well, Friday the 26th; yes.

All right. Did you see him on the 26th?

Dr. HUGHES. Yes.

The CHAIRMAN. On the 25th, then he was in bed?

Dr. HUGHES. That is right.

The CHAIRMAN. You saw him again on the 26th?

Dr. HUGHES. That is right.

The CHAIRMAN. About what time?

Dr. HUGHES. About 4:20 or 4:25.

The CHAIRMAN. Somewhere about 4:20 or 4:25?

Dr. HUGHES. Yes.

The CHAIRMAN. Was he in bed then?

Dr. HUGHES. No. He was up in a chair.

The CHAIRMAN. So it was the 26th, the day he was down on the docks. He was in a chair on the 26th?

Dr. HUGHES. That is right. His temperature was normal and I advised him to remain indoors for 24 to 48 hours, and continue medication until they were all taken. He had a few capsules left over.

The CHAIRMAN. When you left him, was he dressed then in street dress?

Dr. HUGHES. He was in slacks; yes.

The CHAIRMAN. Had you advised him to stay in, as you say?

Dr. HUGHES. That is right.

The CHAIRMAN. When did you next see him, Doctor?

Dr. HUGHES. I didn't see him after that. His temperature was normal and I advised him to get in touch with me if he felt any relapse.

The CHAIRMAN. In other words, you felt there was satisfactory recovery and further medical services were not——

Dr. HUGHES. I told him to keep in touch.

The CHAIRMAN. Were not indicated?

Dr. HUGHES. That is right. I told him to continue the medication until it was gone.

The CHAIRMAN. Is there anything further?

Mr. DASH. Senator, I have with me two prescriptions which Dr. Hughes gave to Mr. Cohen and which were filled at the pharmacy. I offer them to the committee if the committee desires them.

The CHAIRMAN. Doctor, do you identify those as your prescriptions?

Dr. HUGHES. Yes; they are the same prescriptions. I gave them over the telephone.

The CHAIRMAN. You phoned the prescriptions in?

Dr. HUGHES. That is right.

The CHAIRMAN. What dates do they show?

Dr. HUGHES. June 23—the first one is June 22 and the second one is June 23.

The CHAIRMAN. Those prescriptions may be made exhibit No. 47.

(Documents referred to were marked "Exhibit No. 47" for reference and may be found in the files of the select committee.)

The CHAIRMAN. Are they originals? You may submit copies.

Dr. HUGHES. They are written by the pharmacist, not in my hand. I ordered them on the phone.

The CHAIRMAN. They represent your telephone instructions you gave?

Dr. HUGHES. That is right.

The CHAIRMAN. All right.

Is there anything further you have, Mr. Counsel?

Mr. DASH. No, sir; that is everything, I am sure, Dr. Hughes has to say. If there are any questions as to me, all I can state is that we received the calls, submitted the sworn affidavit of the doctor, and did keep in touch with Mr. Cohen by person-to-person telephone call and did reach him at home at the times we did call.

The CHAIRMAN. The Chair the other day, when this thing developed, which looked like on the face of it, certainly, as an imposition on the committee, not knowing who the attorney was and not caring, at that, I directed that a subpoena be issued for him.

I understand you agreed to come without a subpoena.

Mr. DASH. Senator, we can certainly understand what it would look like when you first saw the picture. That is why we took every step to present before you today the doctor and to have Mr. Cohen testify fully on this matter.

The CHAIRMAN. You can appreciate our position, being a member of the bar. I think you can have some understanding of what I said a while ago about being unduly burdened with impositions does not sit very well with the committee.

Are there any questions, Senator Curtis?

Senator CURTIS. No questions.

The CHAIRMAN. Have you any questions, counsel?

Mr. KENNEDY. Was beer good for him, Doctor?

Dr. HUGHES. I don't know that it would do him any harm.

Mr. KENNEDY. I see in front of him at the dinner, at the banquet that night——

Dr. HUGHES. I don't know. I didn't attend.

Mr. KENNEDY. Maybe it is summarized best after Mr. Hoffa appeared at a banquet for Mr. Cohen up in Philadelphia, Mr. Chairman, when he was calling Cohen a strong-willed leader, the type of leader that will go farther in this international union.

The CHAIRMAN. He did go farther.

Mr. KENNEDY. He did.

The CHAIRMAN. Mr. Hoffa was right about that.

Dr. HUGHES. That is beyond my realm of knowledge.

The CHAIRMAN. That is out of your realm; that is right.

Dr. HUGHES. That is out of my category.

The CHAIRMAN. I wish to thank you for coming down, Doctor. I regret that it caused you this inconvenience. But certainly I think you couldn't attach any criticism to the committee for pursuing the matter.

Dr. HUGHES. Not at all.

The CHAIRMAN. Certainly on the face of it, it looked like shenanigans.

Dr. HUGHES. I understand. That is why I am here.

The CHAIRMAN. Thank you very much.

Mr. DASH. Thank you, Senator.

The CHAIRMAN. Is there anything further of Mr. Cohen at this time?

Mr. KENNEDY. That is all, with the understanding.

The CHAIRMAN. Mr. Cohen, you will remain under subpena, subject to being recalled. Do you agree to that?

Mr. DASH. Yes, sir. He can leave tonight?

Mr. KENNEDY. Yes.

The CHAIRMAN. You agree to return?

Mr. DASH. Yes, we do.

The CHAIRMAN. The committee will stand in recess until 2 p.m., Monday afternoon.

(Members of the select committee present at time of recess: Senators McClellan and Curtis.)

(Whereupon, at 5:20 p.m., the select committee recessed, to reconvene at 2 p.m., Monday, July 6, 1959.)

INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

MONDAY, JULY 6, 1959

U.S. SENATE,
SELECT COMMITTEE ON IMPROPER ACTIVITIES
IN THE LABOR OR MANAGEMENT FIELD,
Washington, D.C.

The select committee met at 2:30 p.m., pursuant to Senate Resolution 44, agreed to February 2, 1959, in the caucus room, Senate Office Building, Senator Carl T. Curtis presiding.

Present: Senator Carl T. Curtis, Republican of Nebraska; Senator Homer E. Capehart, Republican of Indiana.

Also present: Robert F. Kennedy, chief counsel; Paul J. Tierney, assistant counsel; George M. Kopecky, assistant counsel; George Martin, assistant counsel; Sherman Willse, investigator; Ruth Y. Watt, chief clerk.

Senator CURTIS. The committee will come to order.

(Members of the select committee present at time of convening: Senators Curtis and Capehart.)

Senator CURTIS. Mr. Counsel, call your first witness.

Mr. KENNEDY. Mr. Arthur Pitman, Mr. Chairman.

Senator CURTIS. Would you raise your right hand and be sworn?

You do solemnly swear the testimony you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. PITMAN. I do.

TESTIMONY OF ARTHUR PITMAN, ACCOMPANIED BY COUNSEL, G. J. McMAHON

Senator CURTIS. State your name, your residence, and your business or occupation, please.

Mr. PITMAN. My name is Arthur Pitman. I live at 137 East 38th Street, New York City. I am in the trucking of bananas. That is my business.

Senator CURTIS. Do you have counsel with you?

Mr. PITMAN. Yes, I have.

Senator CURTIS. Mr. Counsel, will you identify yourself, please?

Mr. McMAHON. G. J. McMahon, of the New York Bar, 501 Fifth Avenue, New York.

Mr. KENNEDY. Mr. Pitman, how long have you been in the trucking business?

Mr. PITMAN. Over 50 years.

Mr. KENNEDY. You are president of the Pitman Co.?

Mr. PITMAN. I am.

Mr. KENNEDY. Of Hoboken, N.J.? How long has that company been in existence? For that period of time?

Mr. PITMAN. What company?

Mr. KENNEDY. Your company.

Mr. PITMAN. Over 50 years in the trucking business.

Mr. KENNEDY. How many trucks do you have?

Mr. PITMAN. We operate 50 trucks right now.

Mr. KENNEDY. Initially, or some years ago, the early 1950's, you operated in New York City?

Mr. PITMAN. New York City.

Mr. KENNEDY. Did you have a contract with the Teamsters Union in New York City?

Mr. PITMAN. I had a contract with Teamsters Union 220, New York City.

Mr. KENNEDY. Then you moved into New Jersey; is that right?

Mr. PITMAN. That is right.

Mr. KENNEDY. In November 1952, approximately?

Mr. PITMAN. That is right.

Mr. KENNEDY. Had you initially understood that the contract that you had in New York City would be respected in New Jersey?

Mr. PITMAN. 220 told me my contract would be respected in New Jersey.

Mr. KENNEDY. Did you learn once you got over to New Jersey that that wasn't the case?

Mr. PITMAN. That was not the case.

Mr. KENNEDY. Were you approached by Mr. Anthony Provenzano, who was at that time business agent of local 560?

Mr. PITMAN. I know him as Tony Provenzano.

Mr. KENNEDY. Were you approached by Tony Provenzano?

Mr. PITMAN. I was.

Mr. KENNEDY. Did he want you to sign a contract with his union at that time?

Mr. PITMAN. He told me I should sign up with 560, that 220 didn't mean nothing to me. So I asked him to get in touch with 220. He told me to do that. So I tried, my steward tried to get in touch with him, and he couldn't get in touch. My steward and my drivers decided before we have any trouble they would go into 560.

Mr. KENNEDY. Did you go into local 560?

Mr. PITMAN. 560.

Mr. KENNEDY. I might identify Mr. Provenzano, Mr. Chairman. He is now president of local 560 of the International Brotherhood of Teamsters. At that time he was a business agent. He was elected in June 1958 by the executive board to replace Mike Sheridan, who had taken a leave of absence in about 1958. In May of 1959, Provenzano was elected president of joint council 73, of Newark, N.J. He is a close associate of Mr. Hoffa in New Jersey.

Did Mr. Tony Provenzano approach you then in 1953 or 1954 for a payment in order to continue to have labor peace?

Mr. PITMAN. Yes. I guess about close to a year after is when he asked me.

Mr. KENNEDY. How much money did he ask you for?

Mr. PITMAN. He asked me for \$5,000.

Mr. KENNEDY. For what purpose?

Mr. PITMAN. I guess to stay in business and keep out of trouble.

Mr. KENNEDY. What did he say to you?

Mr. PITMAN. He said I wouldn't be in business too long.

Mr. KENNEDY. He said you would not be?

Mr. PITMAN. I would not be in business too long.

Mr. KENNEDY. If what?

Mr. PITMAN. If I didn't pay the money.

Mr. KENNEDY. Did you agree to pay it at that time?

Mr. PITMAN. No; I did not agree to pay it.

Mr. KENNEDY. Did you ultimately agree to pay the money?

Mr. PITMAN. I told him it was an estate with seven in the family and it would be a hard thing for me to do. It went on for 7 or 8 months before it happened.

Senator CURTIS. Would you tell us how this approach was made? Did he seek you out? Where did he meet you?

Mr. PITMAN. Down in the banana terminal he met me and chatted with me and talked to me about it.

Senator CURTIS. Had you been having labor trouble?

Mr. PITMAN. No, I hadn't had any labor trouble; no.

Senator CURTIS. I mean, had you had any things to annoy or harass you?

Mr. PITMAN. Well, him coming after me all the time was annoying me. I didn't have the money. That went on for 7 or 8 months.

Senator CURTIS. But he brought up the subject?

Mr. PITMAN. Yes.

Senator CURTIS. What did he say would happen if you didn't pay?

Mr. PITMAN. He said, "If you want to stay in business, you better get it up."

Senator CURTIS. He was the one who mentioned the sum of \$5,000?

Mr. PITMAN. Right.

Senator CAPEHART. Did you finally pay the \$5,000?

Mr. PITMAN. Pardon?

Senator CAPEHART. Did you finally pay the \$5,000?

Mr. PITMAN. No.

Senator CAPEHART. You never did pay it?

Mr. PITMAN. I didn't pay \$5,000; no.

Senator CAPEHART. What did you pay?

Mr. PITMAN. \$2,500.

Senator CAPEHART. For what purpose was that payment made?

Mr. PITMAN. To stay in business, to stay out of trouble; that is all.

Senator CAPEHART. Paid to this one gentleman?

Mr. PITMAN. Yes, sir.

Senator CAPEHART. Did you pay it in cash or by check?

Mr. PITMAN. Cash.

Mr. KENNEDY. Mr. Chairman—

Senator CURTIS. Mr. Pitman, here is what appears to be a photostat of a check. I would like to have you look at it and see if you can identify it.

(The document was handed to the witness.)

Mr. PITMAN. Yes, sir; that is mine.

Senator CURTIS. That is the \$2,500 check that you just referred to?

Senator CAPEHART. You just said a minute ago you paid in cash? Is it two different payments?

Mr. PITMAN. I am a little hard of hearing. I don't quite hear you.

Senator CAPEHART. I thought you said a moment ago in answer to my question that you paid him in cash.

Mr. PITMAN. I paid him in cash; yes.

Senator CAPEHART. Were there two payments—one in cash for \$2,500 and one by check for \$2,500?

Mr. PITMAN. This was a check made out for cash and I got the cash for it and passed him the cash.

Senator CURTIS. The check will be identified as exhibit No. 48 and be incorporated in the record at this time.

(Check referred to was marked "Exhibit No. 48" for reference and will be found in the appendix on p. 19493.)

Senator CURTIS. That check is for \$2,500 payable to cash?

Mr. PITMAN. To cash.

Senator CURTIS. Whose endorsement is that on the back of the check?

Mr. PITMAN. It is mine—is it mine? I didn't look at the back.

(The document was handed to the witness.)

Mr. PITMAN. That is mine, sir.

Senator CURTIS. You drew the check, caused it to be cashed and deliver the money to Tony Pro?

Mr. PITMAN. That is right; to Tony Pro.

Senator CURTIS. Did all that happen on or about the date the check bears, December 20, 1954?

Mr. PITMAN. That is right.

Mr. KENNEDY. How did that come about, that you drew the check for \$2,500? Did you finally have some conversations with him that you agreed you would pay him \$2,500?

Mr. PITMAN. I told him that is all I could get, and if I could get that, he would be lucky to get it. So I got that. That is all I could get.

Mr. KENNEDY. How did you go about getting the \$2,500? You wrote the check?

Mr. PITMAN. How did I go about it? I had to talk—there is a family of seven there. I have four sisters and two brothers. My dad passed away and they left them all on my hands. I had to talk to them, keep talking and talking. They didn't agree on it but I had to do it.

Mr. KENNEDY. Who did you get to cash the check?

Mr. PITMAN. My bookkeeper, Mr. Ray Salone.

Mr. KENNEDY. You gave him the check?

Mr. PITMAN. I gave him the check.

Mr. KENNEDY. And he got the cash?

Mr. PITMAN. Right around the corner and got the cash.

Mr. KENNEDY. Did Tony Provenzano come to get the cash?

Mr. PITMAN. Tony was waiting there, waiting in my office for me.

Mr. KENNEDY. Did you pay him in your office?

Mr. PITMAN. No. We walked a good distance away. We walked down about a half block and then over by a diner. I passed him the money at the diner.

Mr. KENNEDY. And then you came back up to the office?

Mr. PITMAN. No. I went in for a cup of coffee and he went back for his car.

Senator CURTIS. Was there anything about the transaction that indicated that anyone else would share in the money besides Tony Pro?

Mr. PITMAN. I don't know anybody else but Tony Pro.

Senator CURTIS. There was nothing that he said?

Mr. PITMAN. Nothing that he said.

Senator CURTIS. That is, that indicated he was going to share that with anyone?

Mr. PITMAN. No, sir; he did not.

Senator CURTIS. You definitely were of the opinion that it was not going to the union but going to him as an individual?

Mr. PITMAN. I couldn't say that. I don't know. I don't know where it was going to.

Senator CAPEHART. Did he ask that you pay it in cash?

Mr. PITMAN. Yes.

Senator CAPEHART. Did he ask that you pay the money in cash?

Mr. PITMAN. I don't know. I don't know that.

Senator CAPEHART. Why didn't you give him a check? You made out a check for the cash. Why didn't you make it out in his name?

Mr. PITMAN. I didn't think he would accept a check. That is what I thought.

Senator CAPEHART. Did you know whether he would or not? Did you ask him?

Mr. PITMAN. I don't know that. I don't remember that.

Senator CAPEHART. Why were you, a businessman, passing out cash rather than checks?

Mr. PITMAN. I am sure it was cash. I know it was cash. They wanted cash. I know that.

Senator CAPEHART. Did you deduct the \$2,500 on your expense account for tax purposes?

Mr. PITMAN. I deducted is on the trucking business as entertainment.

Senator CAPEHART. I see.

Mr. KENNEDY. We have here an affidavit, Mr. Chairman, from Mr. Salone in connection with the cashing of the check and the delivery of the money to Mr. Pitman and the visit of Tony Provenzano. Mr. Aporta can identify it.

Senator CURTIS. Have you been sworn, Mr. Aporta?

Mr. APORTA. No, sir.

Senator CURTIS. You do solemnly swear the testimony you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. APORTA. I do.

TESTIMONY OF JOHN A. APORTA

Senator CURTIS. State your name, your residence, and occupation.

Mr. APORTA. My name is John Allen Aporta. I reside at Coytesville, N. J. I am a certified public accountant and am attached to the professional staff of this committee.

Senator CURTIS. What is the paper that you have before you?

Mr. APORTA. I have an affidavit by Raymond Salone, who is the manager of the trucking company, the Pitman Co., in connection with the cashing of a \$2,500 check which Mr. Salone cashed and gave the currency to Mr. Pitman.

Senator CURTIS. You secured the affidavit, did you?

Mr. APORTA. Yes, sir.

Senator CURTIS. You interviewed Mr. Salone?

Mr. APORTA. Yes, sir.

Senator CURTIS. He executed that affidavit in your presence?

Mr. APORTA. Yes, sir.

Senator CURTIS. Mr. Counsel, do you want to summarize it?

Mr. KENNEDY. I would like to have it in the record, Mr. Chairman.

Senator CURTIS. It may be placed in the record at this point.

(The affidavit is as follows:)

STATE OF NEW YORK,
County of New York, ss:

I, Raymond Salone, residing at 47 Laurence Street, East Hempstead, Long Island, N.Y., made this affidavit freely and voluntarily to John Allen Aporta who has identified himself as an investigator for the U.S. Senate Select Committee on Improper Activities in the Labor or Management Field, and I know this affidavit may be used in a public hearing.

On Monday, December 20, 1954, Mr. Arthur Pitman called me on the telephone. He instructed me to issue a check on the Hudson Trust Co. located at 14th and Washington Streets, Hoboken, N.J. The check was made payable to "cash" in the amount of \$2,500. It was dated December 20, 1954, No. 3053. This amount was charged on our books to the account of "entertainment."

The check was held in the safe from December 20, 1954, to Thursday, December 23, 1954. At about 11 a.m. Mr. Arthur Pitman called to tell me that he would be down in the office in about 20 minutes. He further instructed me to cash this check. I did so and received from the bank 25 \$100 bills which I inserted in a green envelope and placed in the safe.

While waiting for Mr. Arthur Pitman to arrive, Tony Provenzano, business agent for Local 560 Teamsters, came down to our garage at 13-13 Park Avenue, Hoboken, N.J. He came there in his own car and waited for Mr. Arthur Pitman to arrive.

After about a 10- or 15-minute wait, Mr. Arthur Pitman came into the office and asked for the money. I opened the green envelope and counted the money. As he left the office with the money he said, "Watch me where I go."

Mr. Arthur Pitman walked out of the office into the garage where he met Tony Provenzano. Both men walked out of the garage together to the corner near the gas station, a distance of about 125 feet.

I continued to watch but could not hear them. Tony Provenzano was facing me and Mr. Arthur Pitman had his back to me so I really could not see what actually happened.

Then about 10 or 15 minutes later Tony Provenzano came back to the garage, got in his car and drove away.

R. J. SALONE.

Sworn to before me this 12th day of November 1958.

PHILIP ZIMMERMAN,
Notary Public, State of New York. No. 31-9804600.

Qualified in New York County. Certificate filed with New York County clerk. Commission expires March 30, 1960.

Mr. KENNEDY. You gave Tony Provenzano the \$2,500?

Mr. PITMAN. Yes, I did.

Mr. KENNEDY. What was the reason that you paid him the \$2,500 in cash?

Mr. PITMAN. To stay out of trouble and get everything working right there; that is all. To stay out of trouble; that is all. He wanted the money and kept after me all the time for 7 or 8 months. It got

to be that I just had to do it. No matter what happened I had to do it.

Mr. KENNEDY. Do you think it was a proper payment?

Mr. PITMAN. No, I don't think it was a proper payment; no.

Mr. KENNEDY. You knew it was going to him or to his colleagues; it wasn't helping the union at all in any way?

Mr. PITMAN. All I know is Tony Pro. That is the only man I met in the union. That is the only man I know. I haven't been in the union hall since I have been there, 8 years.

Mr. KENNEDY. You knew it was for Tony Provenzano, not for the help and assistance of union members. You didn't believe it could help or assist the union?

Mr. PITMAN. No, it couldn't help me. I am paying everything I should pay in the union. There are no favors that he could do for me at all. I am not looking for favors.

Mr. KENNEDY. That is all, Mr. Chairman.

Senator CURTIS. Have you any questions?

Senator CAPEHART. I do not think so, except I just can't quite understand you, a businessman, being a party to a transaction like this when you knew it was wrong.

You knew it was wrong, didn't you?

Mr. PITMAN. Yes; I knew it was wrong.

Senator CAPEHART. You knew it was wrong if you deducted it from your income tax.

Mr. PITMAN. Yes; I knew that was wrong, too.

Senator CAPEHART. How do you expect this committee or the Congress to clean up these situations if you businessmen and others participate in them yourselves—the things that are wrong?

Mr. PITMAN. He kept after me for 7 or 8 months. I just could not take any more of it. I either had to leave the business or give it up.

Senator CURTIS. Mr. Pitman, did Tony Provenzano have the power to put you out of business if he wanted to?

Mr. PITMAN. I am sure he could.

Senator CAPEHART. How could he put you out of business?

Mr. PITMAN. Because my chauffeurs, they know Tony Pro. They don't know Arthur Pitman.

Senator CAPEHART. Did you have a contract?

Mr. PITMAN. I have one.

Senator CAPEHART. You say he bothered you for 7 or 8 months. What did he do?

Mr. PITMAN. He came after me. When he would come down and see me during the 7 or 8 months I would leave the terminal.

Senator CURTIS. Did you say you were unwilling to pay over this amount?

Mr. PITMAN. Yes; I was unwilling. For 7 or 8 months he was after me to pay him. At last it got so bad I was not on the job. I was off the job all the time, watching my trucks and all that.

Senator CURTIS. While you disapproved of it, you felt it was necessary in order to keep operating?

Mr. PITMAN. Yes.

Senator CURTIS. Anything else?

Mr. KENNEDY. That is all, Mr. Chairman.

Senator CURTIS. We thank you very much for your appearance here.

Mr. KENNEDY. Mr. Walter Dorn.

Senator CURTIS. Will you stand to be sworn?

Do you solemnly swear that the testimony you are about to give will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. DORN. I do.

**TESTIMONY OF WALTER A. DORN, ACCOMPANIED BY COUNSEL,
L. MURRAY DOODY, JR.**

Senator CURTIS. Please give your name and your address and your business, your occupation.

Mr. DORN. My name is Walter Dorn. I live in Shodlack Landing, N.Y. President of Dorn Transportation.

Senator CURTIS. Mr. Dorn, do you have counsel with you?

Mr. DORN. Yes.

Senator CURTIS. Mr. Counsel, will you identify yourself.

Mr. DOODY. L. Murray Doody, Jr., attorney at law, 75 State Street, Albany, N.Y.

Mr. KENNEDY. You are here under subpoena before the committee?

Mr. DORN. Yes, I am.

Mr. KENNEDY. How long have you been president of the Dorn Transportation Co.?

Mr. DORN. Five years.

Mr. KENNEDY. How many trucks does it have?

Mr. DORN. Roughly, 500 units.

Mr. KENNEDY. That would be truck and trailer?

Mr. DORN. That is truck and trailer separately.

Mr. KENNEDY. 500 of each?

Mr. DORN. No.

Mr. KENNEDY. 250 of each?

Mr. DORN. 160 tractors, about 230 trailers, and 210 or 220 straight trucks.

Mr. KENNEDY. It is about 500 pieces of straight equipment altogether?

Mr. DORN. Altogether.

Mr. KENNEDY. Your gross business is approximately——

Mr. DORN. In 1958 it was \$5,800,000.

Mr. KENNEDY. Where do you operate?

Mr. DORN. From the Canadian border at Rouses Point, south to Baltimore, east into the Hartford-Bridgeport area of Connecticut.

Mr. KENNEDY. Now, you have contracts with a number of Teamster locals throughout the northern section of the country?

Mr. DORN. Yes.

Mr. KENNEDY. In Baltimore, local 557. Philadelphia, local 107. Hoboken, local 560. Yonkers, 445, and a number of other locals?

Mr. DORN. Yes.

Mr. KENNEDY. When did you first meet Mr. Tony Provenzano?

Mr. DORN. In the early part of 1952; probably the second quarter of 1952.

Mr. KENNEDY. Will you speak a little louder?

Mr. DORN. Second quarter of 1952.

Mr. KENNEDY. How long had you been in the trucking business as of that time?

Mr. DORN. I had been in it since 1940.

Mr. KENNEDY. Your family is in the trucking business?

Mr. DORN. My brother has been a primary owner and he has been in it before that.

Mr. KENNEDY. How did you happen to meet Tony Pro?

Mr. DORN. I operated a terminal in Secaucus, N.J.

Mr. KENNEDY. You met him at the time?

Mr. DORN. Yes.

Mr. KENNEDY. You experienced some labor difficulties when you went over to Secaucus?

Mr. DORN. Yes; I did.

Mr. KENNEDY. At that time did you arrange for Mr. Adelizzi of the Empire State Trucking Association to come over and try to help you settle your difficulties?

Mr. DORN. Yes; I did.

Mr. KENNEDY. Did you meet with Tony Pro at that time?

Mr. DORN. Yes, sir.

Mr. KENNEDY. Did you meet with anybody else from the union in addition to Pro?

Mr. DORN. Mr. Castellito.

Mr. KENNEDY. C-a-s-t-e-l-l-i-t-o?

Mr. DORN. That is right.

Mr. KENNEDY. He is also known as Three-Finger Tony; is that right?

Mr. DORN. That is right.

Mr. KENNEDY. Anthony Castellito?

Mr. DORN. That is right.

Mr. KENNEDY. He was business agent also of the local?

Mr. DORN. Yes.

Mr. KENNEDY. Did you make any progress while you had Mr. Adelizzi there?

Mr. DORN. No; I did not.

Mr. KENNEDY. What was the atmosphere while Mr. Adelizzi was present?

Mr. DORN. It was very unpleasant.

Mr. KENNEDY. So did you feel you could do better if Mr. Adelizzi was not present?

Mr. DORN. I felt that.

Mr. KENNEDY. Did you feel that was the point they were trying to get across to you?

Mr. DORN. I believe so.

Mr. KENNEDY. Then after you had several meetings with Provenzano and Castellito with Adelizzi, then you ended up having a meeting with them yourself, without Adelizzi?

Mr. DORN. Yes.

Mr. KENNEDY. I might add, Mr. Chairman, he has the finest of reputations in New York in the trucking business.

Was there an approach made to you at that time when you had the meeting with Pro and Castellito?

Mr. DORN. Yes, there was.

Mr. KENNEDY. Will you relate that to the committee?

Mr. DORN. The approach was if I wanted to stop having trouble I had better get him some money.

Mr. KENNEDY. Was there any discussion as to how much money should be gotten up?

Mr. DORN. Not in exact terms; no.

Mr. KENNEDY. Generally was there discussion?

Mr. DORN. I believe it was generally about \$5,000 a year. That was my impression at the time.

Mr. KENNEDY. This was at the time both Castellito and Pro made this approach to you initially?

Mr. DORN. That is right.

Mr. KENNEDY. What did you say to them at that time?

Mr. DORN. I told them I did not control the company. I had no way of getting that kind of money out of the company. If there were some way I could do it I would try to do it, I would try to do what I could, myself.

Mr. KENNEDY. So what happened? What was the result?

Mr. DORN. Over the next 15 months I paid about \$1,500 in cash total.

Mr. KENNEDY. How often did you meet with them to give them the money?

Mr. DORN. That consisted of four times.

Mr. KENNEDY. Four times you gave him what; three or four hundred dollars each time?

Mr. DORN. That is right.

Mr. KENNEDY. Were both of them present at each meeting?

Mr. DORN. Castellito may have been present once, but no more.

Mr. KENNEDY. Pro was present at all four meetings?

Mr. DORN. Yes.

Mr. KENNEDY. You gave him the money?

Mr. DORN. Yes.

Mr. KENNEDY. Castellito might have been present at one meeting?

Mr. DORN. That is right.

Mr. KENNEDY. In addition to the time the original deal was set up; is that right?

Mr. DORN. That is right.

Mr. KENNEDY. When did you have the meeting at which the initial approach was made to you?

Mr. DORN. At the Swiss Town House in Weehawken.

Mr. KENNEDY. Where did you make the payments to Provenzano?

Mr. DORN. At the Swiss Town House in Weehawken.

Mr. KENNEDY. Did you put it in an envelope or hand it to him?

Mr. DORN. No; in my hand.

Mr. KENNEDY. Just in cash, you would hand it to him?

Mr. DORN. Yes.

Mr. KENNEDY. Did that arrangement continue for about 15 months?

Mr. DORN. Yes.

Mr. KENNEDY. When did it start, approximately?

Mr. DORN. It started probably the late summer of 1952, continued sometime in 1954.

Mr. KENNEDY. Why did this arrangement terminate?

Mr. DORN. That arrangement terminated because I was afraid to do it any longer, and I stopped it.

I could not frankly get my hands on the money.

Mr. KENNEDY. You could not get your hands on any more money?

Mr. DORN. That is right.

Mr. KENNEDY. Was there a new arrangement made at that time?

Mr. DORN. In 1953 I was given the name of a lawyer to put on retainer.

Mr. KENNEDY. Who gave you the name of the lawyer?

Mr. DORN. Tony Provenzano.

Mr. KENNEDY. What was the name of the lawyer?

Mr. DORN. Michael Communale.

Mr. KENNEDY. C-o-m-m-u-n-a-l-e?

Mr. DORN. Yes.

Mr. KENNEDY. Did he suggest that you put him on retainer with your company?

Mr. DORN. Yes, he did.

Mr. KENNEDY. How much did you pay him?

Mr. DORN. \$200 a month.

Mr. KENNEDY. Did you continue to pay him?

Mr. DORN. Yes, I did.

Mr. KENNEDY. When was the last time you paid him?

Mr. DORN. June 1, 1959.

Mr. KENNEDY. Did you ever consult with him?

Mr. DORN. No, I didn't.

Mr. KENNEDY. Did you ever meet him?

Mr. DORN. No, I didn't.

Mr. KENNEDY. Did you ever ask him to do anything?

Mr. DORN. No, I didn't.

Mr. KENNEDY. Is the reason you paid him \$200 a month because you were told to do so by Tony Provenzano?

Mr. DORN. Yes, it is.

Mr. KENNEDY. Was that in order to avoid labor difficulty or trouble with Mr. Provenzano?

Mr. DORN. In order to avoid more trouble. I already had it.

Mr. KENNEDY. Did you know at that time Mr. Communale was assistant prosecutor of Hudson County, N.J.?

Mr. DORN. I did not know that.

Mr. KENNEDY. He works for the Public Prosecutor's Office.

Mr. DORN. I did not know that.

Mr. KENNEDY. He does anti-labor-racketeering work.

Mr. DORN. I did not know that.

Senator CURTIS. Mr. Dorn, what could these two men do to you if you refused to give them any money?

Mr. DORN. They could stop the operation.

Senator CURTIS. You did this because you thought it was necessary to continue to carry on your business?

Mr. DORN. I thought it was necessary.

Senator CURTIS. Who was it that brought up the idea of placing an attorney on the payroll?

Mr. DORN. Mr. Provenzano.

Senator CURTIS. Any further questions?

Senator CAPEHART. Did you consider what you did as being right?

Mr. DORN. No; I considered it necessary.

Senator CAPEHART. Don't you think it is getting awfully discouraging in this committee and others to find good, honest, fine businesses such as your own dealing in this sort of scheme? Why do you do it?

Mr. DORN. I don't believe people would do it if there was some other place to go.

Senator CAPEHART. Couldn't you have gone to the sheriff or mayor or the Governor?

Mr. DORN. I didn't know, but I think Mr. Kennedy made that point plain.

Senator CAPEHART. I did not hear you.

Mr. DORN. I did not realize the situation existed, but I believe Mr. Kennedy made it quite plain that that would not have been an answer.

Senator CAPEHART. Why?

Mr. KENNEDY. Because the man he was paying, the man that was put on the payroll by Mr. Provenzano, the lawyer, was working in the public prosecutor's office.

Senator CAPEHART. Didn't you know that yourself?

Mr. DORN. No; I never knew that.

Senator CAPEHART. You never made any effort to try to find out who this man was?

Mr. DORN. No, I didn't.

Senator CAPEHART. Were you certain there was an individual by that name?

Mr. DORN. I would not have been able to swear to it.

Senator CAPEHART. Did you deduct this \$200 a month from your tax return?

Mr. DORN. I was told it was put in as a retainer expense.

Senator CAPEHART. Do you think it was right to do that?

Mr. DORN. I don't believe it was right; No.

Senator CAPEHART. Do you think you got value received for your money?

Mr. DORN. That is something I don't know.

Senator CAPEHART. The point I am trying to make is, How do you expect, regardless of any legislation we might pass here, or any State legislation, if a businessman and county officials are going to indulge in this sort of thing, what good is it going to do us to pass any legislation?

Mr. DORN. I don't know.

Senator CURTIS. I might say for the record we have not passed any legislation yet. A great many people are still out on the limb so far as getting any protection.

Mr. KENNEDY. How much did you pay Mr. Communale altogether?

Mr. DORN. Approximately \$14,000.

Mr. KENNEDY. I have the checks here.

It was contemplated, I believe in 1957, that you would take him off the payroll; is that right?

Mr. DORN. Yes, it was.

Mr. KENNEDY. And for some reason, which is not——

Mr. DORN. I did not do it.

Senator CURTIS. Mr. Dorn, I hand you what purports to be a bundle of checks. Will you thumb through there and tell us what they are, if you know?

(The documents were handed to the witness.)

Mr. DORN. They are payments made to Mr. Communale of \$200 each.

Senator CURTIS. Payments by the Dorn Transportation Co.?

Mr. DORN. That is right.

Senator CURTIS. Those are the monthly retainer checks about which you testified?

Mr. DORN. Yes.

Senator CURTIS. They will be marked "Exhibit No. 49" for reference only.

(Checks referred to were marked "Exhibit No. 49" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. What had been the difficulty, Mr. Dorn, that you had had with Mr. Provenzano? What was he trying to do or what was the problem originally as far as he was concerned in the union?

Mr. DORN. I was forced to put a switcher on in the yard, whom I didn't consider I needed, and my drivers refused to drop and back in their trailers when they come off the street, and I couldn't get them to do it. I was told that they didn't have to do it, and there was a general slowdown.

Mr. KENNEDY. Did those conditions improve once you made the payments to him?

Mr. DORN. The slowdown may have. The switcher I still have. The other, over the years, has gradually dwindled out.

Mr. KENNEDY. Did you feel that you were achieving or obtaining what you hoped to by making the payments?

Mr. DORN. I have achieved nothing since I moved to Secaucus.

Mr. KENNEDY. Since you went over there?

Mr. DORN. That is right.

Mr. KENNEDY. If you weren't obtaining what you expected, why did you continue to make the payments?

Mr. DORN. I wasn't looking for anything. I was afraid it would get worse.

Mr. KENNEDY. There is no question that without any trouble at all, Mr. Provenzano could put you out of business; is that correct?

Mr. DORN. I believe so; yes.

Senator CAPEHART. Who do you say this Mr. Communale is? Who is he?

Mr. DORN. He is apparently the lawyer that we paid on retainer.

Senator CAPEHART. I know, but did you say a minute ago he held some office with the county prosecutor?

Mr. DORN. I have been informed by Mr. Kennedy that he does. I didn't know that.

Senator CAPEHART. You didn't know that until you arrived here?

Mr. DORN. I did not.

Senator CAPEHART. What county is he supposedly the prosecutor of or assistant prosecutor?

Mr. DORN. I don't know. I don't know.

Senator CAPEHART. What county do you live in?

Mr. DORN. I live in New York State, in Rensselaer County.

Senator CAPEHART. Was that a county, Mr. Counsel, in New Jersey?

Mr. KENNEDY. Hudson County, N.J.

Senator CAPEHART. Is that the headquarters of your company?

Mr. DORN. The headquarters is at Rensselaer, N.Y.

Senator CAPEHART. But not in New Jersey?

Mr. DORN. No.

Senator CAPEHART. And you never knew this gentleman?

Mr. DORN. No, I didn't.

Senator CAPEHART. Where did you forward the checks?

Mr. DORN. To the address that was given to me.

Senator CAPEHART. What address was that?

Mr. DORN. I frankly don't have that right now.

Senator CAPEHART. You paid him over \$14,000 and don't know the address of the man?

Mr. DORN. No; it was sent from my accounting office. I don't have the address in mind.

Senator CURTIS. Your company has the address. What you mean is you do not have it with you?

Mr. DORN. I don't have it with me; no.

Senator CAPEHART. What I can't understand is why businessmen would indulge in this sort of thing. I can understand why racketeers would indulge in this sort of thing, but I can't understand why businessmen would indulge in this sort of thing.

In other words, it takes two people, you know, to commit this crime. I don't understand why businessmen would participate in this. I don't see how we are ever going to stop it, as long as you do it.

Mr. KENNEDY. His address, I believe, is 591 Summit Avenue, Jersey City, N.J.

I have a letter here I would like to have you identify, if you can.

(The document was handed to the witness.)

Senator CURTIS. Do you identify the letter, Mr. Dorn?

Mr. DORN. It is my signature; yes.

Senator CURTIS. What is the letter?

Mr. DORN. It is a letter to Mr. Communale, putting him on a retainer.

Senator CURTIS. What is the date of it?

Mr. DORN. August 10, 1953.

Senator CURTIS. That will be exhibit No. 50.

(Letter referred to was marked "Exhibit No. 50" for reference and will be found in the appendix on p. 19494.)

Mr. KENNEDY. It is dated August 10, 1953, to Michael G. Communale.

DEAR MR. COMMUNALE: We would like to have you accept a retainer from our company in order for you to handle our legal matters regarding the ton-mile tax, and other legal matters that may arise in the New York City area, starting at once. We are sorry for the delay in writing this letter, which we agreed to do when we originally discussed this matter.

No. 1, did you ever discuss that matter with him?

Mr. DORN. No; I did not.

Mr. KENNEDY. That was just the fact that Tony Provenzano requested you put him on the payroll?

Mr. DORN. That is right.

Senator CURTIS. You did discuss it with Tony Pro?

Mr. DORN. Yes; I did.

Mr. KENNEDY. But never with Mr. Communale?

Mr. DORN. No.

Mr. KENNEDY. It says here,
legal matters regarding the ton-mile tax.

What was that?

Mr. DORN. Ton-mile tax is something we have in the State of New York.

Mr. KENNEDY. You wouldn't be getting an attorney in New Jersey to handle that for you anyway, would you?

Mr. DORN. No; I wouldn't.

Mr. KENNEDY. So that is just verbiage?

Mr. DORN. That is correct.

Senator CAPEHART. Do you mean to tell me that you wrote this letter and didn't know the gentleman and never had him do any work?

Mr. DORN. That is right.

Senator CAPEHART. You didn't even know who the gentleman was?

Mr. DORN. No.

Senator CAPEHART. Was he a reputable lawyer at the time?

Mr. DORN. I didn't know.

Senator CAPEHART. And you have never seen him to this day?

Mr. DORN. No; I have not.

Senator CAPEHART. I again say why would a businessman do a thing like that?

Mr. KENNEDY. Because you were going to be put out of business if you didn't; isn't that right?

Mr. DORN. That is right.

Senator CAPEHART. You are going to eventually be put out of business anyway if this sort of thing goes on. How can law-enforcement officers and how can this Congress legislate on this sort of thing if businessmen are going to participate in it? What good is it going to do? That is, to pass legislation if you businessmen are not going to help your Government to uphold the law? You are going to violate the laws yourself.

Mr. KENNEDY. I very much appreciate the help that you have given, Mr. Dorn.

Senator CURTIS. Mr. Dorn, we want to thank you for your testimony.

Senator CAPEHART. I am grateful for the help you have given, too. But there are evidently two sides to this. You participated in it yourself. My point is you should not have done it. I would think you would have stood and gone out of business before you would have permitted yourself to do this.

Senator CURTIS. Mr. Dorn, we thank you for your appearance here and for making these facts available to the committee.

Have you completed, Mr. Kennedy?

Mr. KENNEDY. Yes.

Mr. DOODY. Have you anything further?

Mr. KENNEDY. No.

Senator CURTIS. No.

Mr. KENNEDY. Mr. Provenzano will be here, but just so we get it in the proper perspective as to with whom these gentlemen were dealing, he is a close associate, according to the information that we have—and we put some of it into the record in connection with the tapes that were used in the 1957 hearings—he is a close associate of Tony "Ducks" Corallo, Carmine Tramunti, Sonny Campbell, Bernie Adelstein, Connie Noonan, Jerry Catena, and Anthony Strollo, also known as Tony Bender.

He has contacts and connections with the leading racketeers and gangsters in New Jersey and New York. He is an important figure now, has become an important figure, in the Teamsters Union.

I would like to call Mr. Communale, Mr. Chairman.

Senator CURTIS. Mr. Communale.

Is Mr. Communale in the room? If so, please step forward.

Mr. KENNEDY. Mr. Chairman, they had some bad weather, I guess; there was some difficulty with the planes.

I might call Mr. Tony Provenzano. There is a possibility that they were on the same plane.

Senator CURTIS. Mr. Tony Provenzano.

Mr. KENNEDY. Well, I will go ahead with some other witnesses.

Senator CURTIS. All right.

Mr. KENNEDY. Mr. Carl Helm.

Senator CURTIS. Mr. Carl Helm?

Raise your right hand and be sworn. Do you solemnly swear the testimony you are about to give before this Senate select committee will be the truth, the whole truth, and nothing but the truth, so help you God?

TESTIMONY OF CARL HELM, ACCOMPANIED BY COUNSEL, HAROLD H. HERWITT

Senator CURTIS. State your name, your residence, and your business.

Mr. HELM. My name is Carl A. Helm, H-e-l-m. I live at 1322 North Highland Avenue, Pittsburgh, Pa. I am retired.

Senator CURTIS. Do you have counsel with you?

Mr. HELM. Yes, I do.

Senator CURTIS. Mr. Counsel, will you identify yourself?

Mr. HERWITT. Harold H. Herwitt, attorney at law, Pittsburgh.

Mr. KENNEDY. Mr. Chairman, Mr. Helm is about to testify to matters going back a period of time, but it is important so far as establishing the pattern of these individuals in that area.

Mr. Helm, you were former owner of the L. & H. Transportation Co.?

Mr. HELM. I was the president.

Mr. KENNEDY. When did that company go out of business? When did you retire?

Mr. HELM. 1953.

Mr. KENNEDY. Did it go out of business at that time?

Mr. HELM. Yes.

Mr. KENNEDY. How long had you been in the trucking business? Just approximately?

Mr. HELM. Twenty-five years.

Mr. KENNEDY. And you have been retired since the company—since 1953; is that correct?

Mr. HELM. Yes.

Mr. KENNEDY. In the late 1940's, were you operating your company in New Jersey and did you have labor difficulties at that time?

Mr. HELM. Yes, we did.

Mr. KENNEDY. Did you have some conversations during this period of time with Mr. John Conlon? C-o-n-l-o-n?

Mr. HELM. Yes, we did.

Mr. KENNEDY. C-o-n-l-i-n. My mistake.

Mr. HELM. That is right.

Mr. KENNEDY. He was president of local 650 at that time?

Mr. HELM. Of New Jersey.

Mr. KENNEDY. In New Jersey?

Mr. HELM. In New Jersey.

Mr. KENNEDY. You were having some labor difficulty. Did he have a conversation with you or relate to you how you could solve some of your labor problems?

Mr. HELM. We had a meeting.

Mr. KENNEDY. Where did you have the meeting?

(The witness conferred with his counsel.)

Mr. HELM. It was in, I believe, Hoboken, N. J., at a restaurant of some kind.

Mr. KENNEDY. Did you have a conversation with Mr. Conlin at that time?

Mr. HELM. Yes.

Mr. KENNEDY. What did Mr. Conlin say to you?

Mr. HELM. Well, there was our attorney from New York, Mr. Abel Just, Mr. Jacobson, our New York manager.

Mr. KENNEDY. He was present?

Mr. HELM. He was present. My sister and myself. We met with Mr. Conlin there for dinner.

Mr. KENNEDY. Were there any other Teamster officials there?

Mr. HELM. There might have been; yes.

Mr. KENNEDY. What did Mr. Conlin say to you at that time at this meeting or at this dinner?

(The witness conferred with his counsel.)

Mr. KENNEDY. You can answer.

Mr. HELM. Well, he says "Everything will be all right." It would cost us \$300 a month, nothing over \$20 bills. "Just go home; don't worry," he would call the New York office. "Everything is all right."

Mr. KENNEDY. Could you say that a little louder, please?

Mr. HELM. He said he would contact our New York office; he would take it up with the New York manager; everything will be all right.

Mr. KENNEDY. What did he say about how much it would cost you?

Mr. HELM. A minimum of \$300 a month.

Mr. KENNEDY. A minimum of \$300 a month?

Mr. HELM. Yes.

Mr. KENNEDY. Did he tell you what the bills would have to be?

Mr. HELM. Nothing over \$20 bills.

Mr. KENNEDY. Nothing over \$20 bills?

Senator CURTIS. Mr. Helm, was this conversation with you privately or did everyone that you mentioned at this dinner hear it?

Mr. HELM. Mr. Conlin talked very low at one end of the table.

Senator CURTIS. You were close to him?

Mr. HELM. I was pretty close to him.

Senator CURTIS. Is it your best judgment that the others did not hear all the details?

Mr. HELM. Yes. I don't think they all heard it too good.

Senator CURTIS. Did you discuss it with them later?

Mr. HELM. I talked to them; yes.

Senator CURTIS. And they agreed that you should do it?

Mr. HELM. Not necessarily.

Senator CURTIS. Did you pay him?

Mr. HELM. Yes. Not personally.

Senator CURTIS. Did they disagree with the idea of payment?

(The witness conferred with his counsel.)

Mr. HELM. Well, the attorney said they didn't teach him that in law school. That was the attorney's answer.

Senator CURTIS. They didn't like it, but they didn't prevent you from doing it; is that correct?

Mr. HELM. That is right.

Mr. KENNEDY. Did the attorney actually go in and meet with Mr. Conlin in the men's room?

Mr. HELM. Yes.

Mr. KENNEDY. What did the attorney, Mr. Just, relate to you after his meeting?

Mr. HELM. Well, outside Mr. Just said Mr. Conlin told him to go back and explain the facts of life to Mr. Helm.

Mr. KENNEDY. To go back and explain the facts of life?

Mr. HELM. Yes.

Mr. KENNEDY. Were arrangements subsequently made for the payment of some \$300?

Mr. HELM. Yes.

Mr. KENNEDY. And was that made through Mr. Jacobson?

Mr. HELM. That is right.

Mr. KENNEDY. Was it explained to you that the payments were to be made once a month?

Mr. HELM. Once a month.

Mr. KENNEDY. At the beginning of the month?

Mr. HELM. Yes. They would call.

Mr. KENNEDY. Who would call?

Mr. HELM. Mr. Conlin's men.

Mr. KENNEDY. And would you relate how you understood the payments were made?

Mr. HELM. I understood that Mr. Jacobson would take the money out of petty cash when they called him and he would have to go and meet them.

Mr. KENNEDY. Where would he ordinarily meet them?

Mr. HELM. Anywhere. They would specify that, "Meet me in a half hour."

Mr. KENNEDY. Did you undersand it was on a corner?

Mr. HELM. Yes.

Mr. KENNEDY. And they would drive up in a car and he would give it to them in a car?

Mr. HELM. Well, I don't know that; how he met them.

Senator CURTIS. What year did all of this take place?

Mr. HELM. This was back in 1946 or 1947; somewhere back.

Senator CURTIS. It began about 1946 or 1947?

Mr. HELM. Yes.

Senator CURTIS. How long did it continue?

Mr. HELM. About 5 months or 6 months.

Senator CURTIS. How did you get it stopped?

Mr. HELM. Well, first we called the FBI. I didn't call them. Our New York office. I advised them to call the FBI and tell them about it, that something had to be done. The answer was that the FBI said, well, they just didn't have the manpower.

Mr. KENNEDY. We find in our looking into it—you just told Mr. Jacobson to call?

Mr. HELM. That is right.

Mr. KENNEDY. You don't know if Mr. Jacobson ever called?

Mr. HELM. No.

Mr. KENNEDY. We don't have any information, Mr. Chairman, that this call was ever made to the Federal Bureau of Investigation.

Senator CAPEHART. Who was Mr. Jacobson?

Mr. HELM. Our manager in New York City.

Senator CAPEHART. He was your manager, not your lawyer?

Mr. HELM. That is right.

Senator CURTIS. And the report you got back was that they didn't have the manpower?

Mr. HELM. That is right.

Senator CURTIS. You didn't contact them directly?

Mr. HELM. No.

Senator CURTIS. Although you were in favor of it and recommended it?

Mr. HELM. That is right.

Mr. KENNEDY. How long did your payments go on?

Mr. HELM. Five or six months.

Mr. KENNEDY. Initially when you talked to our investigator you thought they went on until you retired from your business.

Mr. HELM. No.

Mr. KENNEDY. They only went on for 6 months?

Mr. HELM. Yes.

Mr. KENNEDY. Why did you stop the payments?

Mr. HELM. Well, it took money, No. 1.

Mr. KENNEDY. Is that the reason? So you decided you would just stop; is that right?

Mr. HELM. Yes.

Mr. KENNEDY. Mr. Jacobson handled all the payments, did he?

Mr. HELM. That is right.

Mr. KENNEDY. Did you ever meet a Tony Castellito?

Mr. HELM. Not to my recollection.

Mr. KENNEDY. Did Jacobson tell you that the payments were to be made to a man by the name of "Three-Finger" Tony?

Mr. HELM. Yes.

Mr. KENNEDY. "Three-Finger" Tony?

Mr. HELM. Tony.

Mr. KENNEDY. Did he say just Tony, or "Three-Finger" Tony?

Mr. HELM. He might have said "Three-Finger" Tony.

Mr. KENNEDY. There are two Tonys?

Mr. HELM. I don't know.

Mr. KENNEDY. But the initial arrangement or the initial discussions regarding the \$300 were set up or discussed between you and Mr. Conlin at this meeting?

Mr. HELM. That is right.

Mr. KENNEDY. It was ultimately worked out with Mr. Jacobson and some representative of the local and the \$300 was paid every month for approximately 5 months?

Mr. HELM. That is right.

Mr. KENNEDY. Mr. Conlin, Mr. Chairman, is, I believe, first vice president of the International Brotherhood of Teamsters.

Mr. HELM. At the present time?

Mr. KENNEDY. At the present time. He is a member of the executive board, and first vice president.

Senator CURTIS. Is there anything further? Senator Capehart?

Senator CAPEHART. Did you have any trouble after you discontinued paying the \$300 a month?

Mr. HELM. Plenty.

Senator CAPEHART. As much as before? Was there any difference between your troubles before and after?

Mr. HELM. Not much.

Senator CAPEHART. Not much difference?

Mr. HELM. No.

Mr. KENNEDY. Were you in fear of testifying before the committee?

Mr. HELM. I most certainly was.

Mr. KENNEDY. Are you now?

Mr. HELM. It is over now.

Mr. KENNEDY. Were you in fear of giving testimony against some of these individuals?

Mr. HELM. Yes.

Mr. KENNEDY. For what reason?

Mr. HELM. Maybe bodily harm; anything.

Mr. KENNEDY. What makes you think that anything would happen to you? You said when I first discussed it that you were reluctant to testify, and you said something to the effect that you wanted to keep on living; is that right?

Mr. HELM. That is right.

Mr. KENNEDY. Do you think there is that much of a problem about coming in and testifying?

Mr. HELM. It could be.

Senator CAPEHART. How long have you been in the trucking business?

Mr. HELM. About 25 years.

Senator CAPEHART. How long did you have the Teamsters Union?

Mr. HELM. Well, quite a number of years.

Senator CAPEHART. Twenty years, would you say?

Mr. HELM. I don't think it is that long.

Senator CAPEHART. Did any of them ever harm you during the 20 years?

Mr. HELM. No.

Senator CURTIS. Mr. Helm, we want to thank you for being here and for the information you have given the committee.

Mr. KENNEDY. Mr. Jacobson.

Senator CURTIS. Will you raise your hand and be sworn?

Do you solemnly swear that the testimony you are about to give shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. JACOBSON. I do.

TESTIMONY OF WILLIAM JACOBSON

Senator CURTIS. State your name, your residence, and your business or occupation.

Mr. JACOBSON. My name is William Jacobson, Rural Delivery No. 11, Wanaque, N.J. I am in the trucking business.

Senator CURTIS. Mr. Jacobson, do you have counsel with you?

Mr. JACOBSON. No, sir.

Senator CURTIS. You are aware as a witness you are entitled to have an attorney if you choose with you?

Mr. JACOBSON. Yes, sir.

Senator CURTIS. You waive counsel?

Mr. JACOBSON. Yes, sir.

Senator CURTIS. Mr. Kennedy, you may proceed.

Mr. KENNEDY. Mr. Jacobson, you are now terminal manager of the Refrigeration Division of Daniels Motor Co., 80 James Street, Jersey City, N.J.; is that right?

Mr. JACOBSON. That is right.

Mr. KENNEDY. How long have you been in the trucking business?

Mr. JACOBSON. About 27 or 28 years.

Mr. KENNEDY. How long have you been with the Daniels Motor Freight Co.?

Mr. JACOBSON. April 7 of last year.

Mr. KENNEDY. Who were you with prior to that time?

Mr. JACOBSON. Long Transportation Co.

Mr. KENNEDY. For a period of time you were with L. & H. Transportation Co.?

Mr. JACOBSON. Yes, sir.

Mr. KENNEDY. How long were you with L. & H.?

Mr. JACOBSON. I would say around 15 years.

Mr. KENNEDY. In late 1948, Mr. Jacobson, or early 1949, did you have some difficulties with local 560 of the Teamsters—were there some difficulties in New Jersey in connection with local 560?

Mr. JACOBSON. I refuse to answer on the ground that the answer might tend to incriminate me.

Senator CURTIS. Mr. Jacobson, what is the true reason you won't testify before the committee?

Will you tell that to the committee?

If you want to exercise your privilege, go ahead after that. Will you give the true reason why you won't testify before the committee?

Mr. JACOBSON. No; I refuse to answer on the ground that the answer might tend to incriminate me.

Senator CURTIS. That is not the reason that you think it will incriminate you, Mr. Jacobson, because this all occurred probably 9 or 10 years ago; according to the information you gave us it occurred in late 1948 or early 1959. So it is 10 years, at least 10 years ago. That is not the reason.

Mr. JACOBSON. I could not truthfully answer a lot of these questions because it is not fresh in my mind.

Senator CURTIS. Why not do as well as we can? Whatever you can remember, you tell us. If you can't remember the other, you can tell us that.

Mr. KENNEDY. Did you have some difficulties with local 560 during approximately that period of time?

Mr. JACOBSON. We had difficulties. I don't know if it was 560 or 807. We certainly had some difficulties.

Mr. KENNEDY. Was there some discussion, did you understand, by Mr. Helm with Mr. Conlin about trying to settle some of your difficulties?

Mr. JACOBSON. I refuse to answer on the ground that the answer may tend to incriminate me.

Mr. KENNEDY. Let me ask you this: As this occurred quite a period of time ago, certainly there is nothing in any of the answers that you might give that would incriminate you.

What would be the reason you would not want to give this information to us, Mr. Jacobson?

Mr. JACOBSON. I don't have any specific reason.

Mr. KENNEDY. What is generally the reason? Don't you want to help the committee by giving up the information?

Mr. JACOBSON. Yes.

Mr. KENNEDY. Why don't you answer that question then?

Mr. JACOBSON. Well, I expect to be in this business for some years to come. There might be some retaliation. I don't say that there will be. I have a livelihood to make yet. I am not retiring yet.

Mr. KENNEDY. Do you think in order to stay in business it would be better if you did not testify against some of these people? Would that be the reason you would not want to help the committee, help the Government? You served in the Army, didn't you?

Mr. JACOBSON. Yes, sir.

Mr. KENNEDY. Weren't you overseas?

Mr. JACOBSON. Yes, sir.

Mr. KENNEDY. So you helped the Government before. Is the reason you would not want to help now the fact that if you stayed in this business they might retaliate against you?

Mr. JACOBSON. They might.

Mr. KENNEDY. Is there also a question about the physical fear?

Mr. JACOBSON. I refuse to answer on the ground that the answer may tend to incriminate me.

Mr. KENNEDY. Isn't it correct that the answer you gave me downstairs as to why you would not testify is because you said, "I want to go on breathing"?

Mr. JACOBSON. I refuse to answer on the ground that the answer may tend to incriminate me.

Mr. KENNEDY. Mr. Jacobson, is that the reason that you won't give this information or testimony to the committee?

Mr. JACOBSON. What is that, sir?

Mr. KENNEDY. Because of your physical fear? Would that be the primary reason? Is that the primary reason, Mr. Jacobson?

Mr. JACOBSON. I refuse to answer on the ground that the answer may tend to incriminate me.

Mr. KENNEDY. Would that be the main reason that you don't want to help the committee?

Mr. JACOBSON. That is right.

Mr. KENNEDY. That you have some physical fear of yourself?

Mr. JACOBSON. Yes, sir.

Mr. KENNEDY. What do you think could happen to you, Mr. Jacobson?

Mr. JACOBSON. I suppose anything could happen.

Mr. KENNEDY. What do you think—

Mr. JACOBSON. That I don't know. Nothing might come of it.

Mr. KENNEDY. Is that the main reason you won't give us the testimony regarding these payments?

Mr. JACOBSON. I refuse to answer on the ground that the answer may tend to incriminate me.

Mr. KENNEDY. Will you state it is because of your physical fear and the fact you have to stay in this business; is that the primary reason you won't give us the information regarding the payments?

Mr. JACOBSON. No; the primary reason is that I have to stay in this business. I can't do anything else but this business.

Mr. KENNEDY. What do you think would happen if you gave us the information?

Mr. JACOBSON. That is hard to say.

Mr. KENNEDY. You just don't want to take the chance?

Mr. JACOBSON. That is right.

Mr. KENNEDY. Don't you think that your——

Mr. JACOBSON. By the same token, one way of getting blackballed with all the companies.

Mr. KENNEDY. The company might fire you if you testify?

Mr. JACOBSON. That is right.

Mr. KENNEDY. So it is as much a fear of the employer, that they might fire you if you gave the testimony?

Mr. JACOBSON. That I don't know. I don't know how the employers might work, sir.

Mr. KENNEDY. Do you feel you would feel better if you took the fifth amendment than if you testified?

Mr. JACOBSON. Yes, sir.

Senator CURTIS. Mr. Jacobson, at whose request would the employer fire somebody because they gave testimony here?

Mr. JACOBSON. It would come from most any source.

Senator CURTIS. Would it come from these Teamster bosses?

Mr. JACOBSON. It could be.

Mr. KENNEDY. But when you——

Mr. JACOBSON. I have never known of an instance of it actually happening, but it could be.

Mr. KENNEDY. Didn't you state when you talked to us downstairs, you said, "I am too scared of the situation; I want to go on breathing. I don't stick my neck out for nobody. I would rather be a live coward than a dead hero." Didn't you say that?

Mr. JACOBSON. I refuse to answer on the ground the answer might tend to incriminate me.

Mr. KENNEDY. Wouldn't you just answer that question? Isn't that correct, that that is what you stated? "I would rather be a live coward than a dead hero." Didn't you say that?

Mr. JACOBSON. Yes, sir; I said that a dozen times.

Mr. KENNEDY. Would you tell us about the payments that you made?

Mr. JACOBSON. I refuse to answer on the ground the answer may tend to incriminate me.

Mr. KENNEDY. Didn't you tell me downstairs that the man came along in the automobile once every month and you would go down on the corner and meet him and throw the envelope or give the money into the car as the car would come by?

Mr. JACOBSON. I refuse to answer on the grounds the answer may tend to incriminate me.

Senator CURTIS. Did you retain any of the money that was turned over to you by the L. & H. Co., or did you give it all to Tony Pro or his representative?

Mr. JACOBSON. There was no money turned over to me by the L. & H. Co. at all.

Mr. KENNEDY. Where did you get the money from?

Mr. JACOBSON. The money for what?

Mr. KENNEDY. The money in connection with the payments.

Mr. JACOBSON. I refuse to answer on the grounds the answer may tend to incriminate me.

Mr. KENNEDY. Did you make any payments?

Mr. JACOBSON. I refuse to answer on the ground the answer may tend to incriminate me.

Mr. KENNEDY. You told us about the payments, did you not?

Mr. JACOBSON. I refuse to answer on the ground the answer may tend to incriminate me.

Mr. KENNEDY. Didn't you state also to our investigator:

Another thing, I will go to jail for 20 years. I tell you nothing. I have been told that if I ever repeat or talk I will find myself cut in little pieces. Who told me? That is none of your business. Mister, when you are threatened by this mob, you don't answer. You just do and shut up.

Mr. JACOBSON. That I said that?

Mr. KENNEDY. Yes.

Mr. JACOBSON. I refuse to answer on the ground the answer may tend to incriminate me.

Senator CAPEHART. You were shaking your head. Does that mean that you did not say it?

Mr. JACOBSON. I did not say it.

Senator CURTIS. Mr. Jacobson, it does not occur to me that your use of the privilege of the fifth amendment is appropriate here. At the same time, the record speaks for itself. But there is an element of intimidation and fear. It may be that the committee will call you again. I do not know.

But I believe that it would be well for you to avail yourself of the privilege of having an attorney to counsel you. Certainly, if you are afraid of any of these people, that is one thing. But rather than take a position before this committee and before the public that truthful answers would incriminate you, it may be a position that you do not deserve.

While this committee cannot provide you with an attorney, the acting chairman does suggest that should we call you again, you ought to get one.

Mr. KENNEDY. So that we get the last of it, Mr. Jacobson, the last piece that I read you was not the statement that you made to me, but the statement that you made to Mr. Aporta when you were first interviewed in June of 1955.

Will you take your mind back to that occasion. Tell us whether you made a statement not using those words along the lines that I read to you. I am not talking about when you and I had an interview, when you said, "I want to go on breathing." But this was an interview that you had with a representative of the staff of the committee.

Mr. JACOBSON. Will you read those exact words again, please?

Mr. KENNEDY. I will read you this. At this point Mr. Jacobson said:

Let me set you straight. I am too scared of the situation. I don't stick my neck out for nobody, and besides, who are you kidding? Don't give me any of that B.S. about future protection and all that. I would rather be a live coward than a dead hero. Why, you guys haven't touched nothing. All your B.S. about cooperating. Well, as I said, I am not sticking my neck out for anybody. I will clam, take the fifth all the way. I want to be here a little longer.

Another thing, I will go to jail for 20 years. I tell you nothing. I have been told if I ever repeat or talk I will find myself cut in little pieces. Who told me? That is none of your business. Mister, when you are threatened by this mob, you don't answer. You just do and shut up.

Mr. JACOBSON. The only part of that statement I might have made and I am not sure of that, would be I would sooner be a live coward than a dead hero.

Mr. KENNEDY. But the rest you did not?

Mr. JACOBSON. No, sir. I might have implied it, but I certainly didn't say anything like that.

Mr. KENNEDY. Did you every say, "I have been told that if I repeat or talk I will find myself cut in little pieces"?

Mr. JACOBSON. No, sir.

Mr. KENNEDY. You didn't?

Mr. JACOBSON. Definitely not.

Mr. KENNEDY. Did you ever state, "Mister, when you are threatened by this mob, you don't answer. You just do and shut up"?

Mr. JACOBSON. No, sir.

Mr. KENNEDY. When you were in my office, you stated this was a rough group, did you not?

Mr. JACOBSON. That is right.

Mr. KENNEDY. And you wouldn't want to fool around with them?

Mr. JACOBSON. I refuse to answer on the grounds that the answer might tend to incriminate me.

Mr. KENNEDY. I think it amounts to virtually the same thing.

Mr. Aporta, you took down the words as nearly accurately as possible?

Mr. APORTA. I not only did that, but I wrote them in front of him. He asked me whether or not I was going to put that into the record and I told him I couldn't answer that question because everything he told me was part of our record.

Mr. KENNEDY. This was on Thursday, June 11?

Mr. APORTA. Correct, sir.

Mr. KENNEDY. That is all.

Senator CURTIS. That is all. You may stand aside for the present.

Mr. KENNEDY. Mr. Communale?

Mr. Communale is on the telephone, Mr. Chairman, and he said that he has become ill, and that the doctors have indicated that he should not come—well, he hasn't seen a doctor, but he is going to see a doctor.

Senator CAPEHART. Is he in Washington?

Mr. KENNEDY. He is in New Jersey. I guess we will not have him. Maybe we can have Mr. Provenzano.

Senator CURTIS. Mr. Provenzano, stand and be sworn.

You do solemnly swear the testimony you are about to give shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. PROVENZANO. I do.

**TESTIMONY OF ANTHONY PROVENZANO, ACCOMPANIED BY
COUNSEL, H. CLIFFORD ALLDER**

Senator CURTIS. Will you state your name, your address, and your business or occupation?

Mr. PROVENZANO. Anthony Provenzano, 69 Jefferson Street, Hoboken, N.J.

Senator CURTIS. And your occupation?

(The witness conferred with his counsel.)

Mr. PROVENZANO. Mr. Senator, I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Senator CURTIS. This address that you gave, is that your residence or your business address?

Mr. PROVENZANO. My business address.

Senator CURTIS. Will you give your residence address?

Mr. PROVENZANO. 70 Catalpa Avenue, Hackensack, N.J.

Senator CURTIS. Do you have an attorney?

Mr. PROVENZANO. I do.

Senator CURTIS. Mr. Counsel, will you identify yourself for the record?

Mr. ALLDER. H. Clifford Allder, Washington, D.C.

Mr. KENNEDY. Mr. Provenzano, you are now president of Local 560 of the International Brotherhood of Teamsters?

Mr. PROVENZANO. Mr. Senator, I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. You were elected in June of 1958 by the executive board and in May of 1959 you were elected president of Joint Council 73 in Newark, N.J.; is that correct?

Mr. PROVENZANO. Mr. Senator, I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Will you enlighten him?

(The witness conferred with his counsel.)

Mr. PROVENZANO. Mr. Kennedy. Counselor. I am sorry.

Mr. KENNEDY. Now, would you tell me, Mr. Provenzano, whether you received the money from Mr. Pitman that he testified to, about giving you \$2,500?

Mr. PROVENZANO. Mr. Senator—Mr. Kennedy, rather—I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. That didn't improve the answer.

What about the money that you received from Walter Dorn in 1953 and 1954?

Mr. PROVENZANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And did you receive any of the money that was arranged for by John Conlin with Mr. Helm, \$300-a-month payments made in 1940's?

Mr. PROVENZANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Do you know Mr. Tony Ducks Corallo?

Mr. PROVENZANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. According to our information, you are an associate of Tony Ducks Corallo, Carmine Tramunti, Sonny Campbell, Connie Noonan, and Anthony Strollo, known as Tony Bender; is that correct?

Mr. PROVENZANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Senator CURTIS. Do you know Jimmy Hoffa?

Mr. PROVENZANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Senator CURTIS. Do you know an attorney by the name of Michael Communale?

Mr. PROVENZANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Senator CURTIS. Have you ever had any business dealings with him?

Mr. PROVENZANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Senator CURTIS. Did he ever share with you any moneys that he received from the Dorn Transportation Co.?

Mr. PROVENZANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Senator CURTIS. Do you have any business other than your employment with the Teamsters Union?

Mr. PROVENZANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Senator CAPEHART. Mr. Chairman—

Senator CURTIS. Senator Capehart?

Senator CAPEHART. Do you intend to take the fifth amendment to any and every question asked you?

Mr. PROVENZANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Mr. Chairman, Mr. Conlin is ill. We expected him as a witness also.

Isn't that right, Mr. Alder?

Mr. ALLDER. That is right. He is 76 years of age and has a physical condition that doesn't allow him to be here. If necessary, we will obtain a doctor's certificate.

Mr. KENNEDY. Could we obtain that?

Mr. ALLDER. We will be glad to.

Mr. KENNEDY. Mr. Conlin stated publicly that he was going to retire next year, I believe, and he was going to suggest and recommend that Mr. Provenzano succeed him as vice president of the International Brotherhood of Teamsters.

Would you accept that position, Mr. Provenzano?

Mr. PROVENZANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Could we put into the record briefly, Mr. Chairman, what the financial status is of the local, how many members there are in it, through Mr. Aporta?

Senator CURTIS. All right.

TESTIMONY OF JOHN A. APOR TA—Resumed

Mr. KENNEDY. How many members, approximately, are in the local?

Mr. APORTA. As of January 1, there were 9,836 men.

Mr. KENNEDY. What does it show as far as the salary of Mr. Provenzano and the other individuals?

Mr. APORTA. It shows that as of the first of the year, each one of the officers and each one of the businessmen received \$19,500.

Mr. KENNEDY. And does each one of them have a Cadillac?

Mr. APORTA. Each one of them has a brand new Cadillac, last year's model.

Mr. KENNEDY. Is there also a special arrangement that has been made in the last 2 years about special payments to the officers of this local?

Mr. APORTA. Yes, there is. There is a defense fund that was set up especially for the business agents.

Mr. KENNEDY. It is called the defense fund?

Mr. APORTA. Defense pension fund.

Mr. KENNEDY. Would you explain when that was set up and for whose benefit it is?

Mr. APORTA. In the meeting of November 8, 1956, the president, Sheridan at that time, presented the attorney for the union, Jacob Friedland, "to make a report," on a proposed pension fund.

He went on to explain that to start the fund it was necessary to deposit 50 cents per member, retroactive to 1954. Thereafter, the membership would pay out of dues 50 cents per month for each member. He estimated at that time that it would take about 8 years to have sufficient moneys to bring the plan up to date.

Mr. KENNEDY. What was the plan?

Mr. APORTA. The plan was whereby they contribute these moneys—

Mr. KENNEDY. For whose benefit?

Mr. APORTA. For the benefit of the business agents and all officers of local 560 of the Teamsters.

Mr. KENNEDY. How many of them are there, approximately?

Mr. APORTA. There are 12.

Mr. KENNEDY. So the plan went into effect?

Mr. APORTA. On January 1, 1957.

Mr. KENNEDY. How much money did the local union contribute?

Mr. APORTA. In 1957, 1958, through March 31 of this year, they contributed \$279,003.05.

However, they still owe under this plan as of May 1, 1959, \$147,-982.50.

Mr. KENNEDY. What is the total then?

Mr. APORTA. The total of the fund itself should have been, in cash, under the plan, as of April 30, 1957, should have been \$426,985.55.

Mr. KENNEDY. This money all comes from the union members' dues?

Mr. APORTA. Yes, sir.

Mr. KENNEDY. It was made retroactive so the union had to go in debt for a good part of this money; is that correct?

Mr. APORTA. They did to the tune of \$97,000.

Mr. KENNEDY. In order to make the payment?

Mr. APORTA. Payment of \$195,395.50 in 1957.

Senator CURTIS. Is this a trustee plan?

Mr. APORTA. Yes, sir.

Senator CURTIS. Or is it with an insurance company?

Mr. APORTA. No, it is with a bank, a trust agreement.

Senator CURTIS. For the benefit of a total of 12 people?

Mr. APORTA. Twelve men.

Senator CURTIS. Have you ascertained what the probable benefits will be?

Mr. APORTA. No, because it depends on how long they live and it depends on how long they stay with the union and other uncertainties of that type. In other words, Mr. Conlin is now 76, we are told. If he lives for another 10 years and stays active he will continue on for another 10 years.

Senator CURTIS. Is he a beneficiary at the present time?

Mr. APORTA. Yes, sir.

Senator CURTIS. How much are his benefits?

Mr. APORTA. He has vested rights in this deferred service fund, in cash, of \$44,817.52, to which there is owed to him by the membership as of May 1, 1959, under the trust agreement covering this plan, \$25,939.89.

Senator CURTIS. Does the present witness have any vested rights in the plan?

Mr. APORTA. Yes, sir, he does.

He has vested rights to the tune of \$11,287.24. And under the plan the membership still owes \$4,770.12.

Mr. KENNEDY. Now, the important part of it, was the membership informed that this matter was going to be taken up and discussed and voted upon at the meeting?

Mr. APORTA. In writing, no.

Mr. KENNEDY. Is there a card or letter or any communication that went out to them to tell them that the local union might go into debt in order to give certain benefits to the officers, the delegates?

Mr. APORTA. No.

Mr. KENNEDY. Is there any way to determine how many members of the union actually attended the meeting at which this was approved?

Mr. APORTA. No, sir.

Mr. KENNEDY. Are detailed minutes, or minutes kept of all the meetings held by this union or executive board?

Mr. APORTA. We do have minutes that they tell me are all of the minutes that exist for the union.

Mr. KENNEDY. What do they show?

Mr. APORTA. They show that on—what they show so far as the plan is concerned?

Mr. KENNEDY. Yes. The minutes indicate it was taken up at the membership meeting?

Mr. APORTA. Right.

Mr. KENNEDY. What was the date of the membership meeting?

Mr. APORTA. November 8, 1956.

Mr. KENNEDY. Was it taken up in executive board meeting also?

Mr. APORTA. No, sir, not to my knowledge, because no one seems to recall who was at the executive board meeting and they don't keep any minutes of the executive board meetings.

Mr. KENNEDY. When the executive board meets no minutes are kept at all?

Mr. APORTA. That is right.

Mr. KENNEDY. So there is no way you can determine what preceded or what discussions were had in the executive board about this special fund?

Mr. APORTA. That is right.

Mr. KENNEDY. Then as far as the membership meeting itself is concerned there is no documents that are available to show that the membership was ever informed that this was going to be taken up or discussed, and also no documents show how many members actually approve this special fund; is that right?

Mr. APORTA. That is right, sir.

Mr. KENNEDY. How many members are a quorum at the meeting?

Mr. APORTA. A quorum at a meeting is 25 members.

Mr. KENNEDY. Twenty-five are a quorum?

Mr. APORTA. Twenty-five is a quorum.

Mr. KENNEDY. Of course, the people that were to benefit under this special fund are 12 in number?

Mr. APORTA. Are 12.

TESTIMONY OF ANTHONY PROVENZANO, ACCOMPANIED BY COUNSEL, H. CLIFFORD ALLDER—Resumed

Mr. KENNEDY. Can you tell us anything about that, Mr. Provenzano?

Mr. PROVENZANO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. So you were getting your regular salary, the special fund, and you were getting money from the employer?

Mr. PROVENZANO. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

Mr. KENNEDY. Through all of this you were promoted and became head of the joint council, is that right, since our investigation began?

Mr. PROVENZANO. Mr. Kennedy, I respectfully decline to answer because I honestly believe that my answer might tend to incriminate me.

TESTIMONY OF JOHN A. APORTA—Resumed

Mr. KENNEDY. Do you have the percentage of payments that are in the form of salary or other fringe benefits of all of the income of the union?

Mr. APORTA. Yes, sir. Beginning with the year 1957?

Mr. KENNEDY. Yes.

Mr. APORTA. For the year 1957, the union took in in dues, initiations, and books, \$482,282.83. Interest on savings banks, et cetera, \$24,509.55. Total for that year of \$506,729.38.

Now, for the disbursements we have salaries of \$224,725; paid into the deferred service fund for business agents and officers, \$195,395.50. Expenses for automobiles, \$8,342.74. For miscellaneous expenses of delegates we have \$3,200. We have for welfare fund for the employees and the 12 business agents and officers—

Mr. KENNEDY. That is, employees of the union?

Mr. APORTA. Employees of the union and the 12 men involved.

Mr. KENNEDY. Yes.

Mr. APORTA. Of \$8,639.28. Making a total, without legal and accounting fees, leaving that out, we have a total of \$441,000—\$440,719.35.

Mr. KENNEDY. What percentage is that of the total income?

Mr. APORTA. A little better than 86 percent.

Mr. KENNEDY. Approximately 86 percent of all of the income of the union went into the form of salaries and benefits for the officers and to some extent the employees of the union; is that right?

Mr. APORTA. Yes, sir.

Mr. KENNEDY. Is it approximately the same percentage in the following year?

Mr. APORTA. In the following year the income dropped \$4,000, so that it stopped at \$502,988.55 with a percentage of about 74 or 75 percent.

Senator CURTIS. That is all. You may stand aside.

Mr. KENNEDY. He is still under subpena.

Mr. ALLDER. Yes, sir.

Mr. KENNEDY. Mr. Castellito.

Senator CURTIS. Will you raise your right hand and be sworn?

Do you solemnly swear that the testimony you are about to give will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. CASTELLITO. Yes, sir.

TESTIMONY OF ANTHONY CASTELLITO, ACCOMPANIED BY COUNSEL, H. CLIFFORD ALLDER

Senator CURTIS. State your name, your residence, and your business or occupation.

Mr. CASTELLITO. Anthony Castellito, 302 Baltimore Avenue, Hoboken, N.J.

Senator CURTIS. Your business or occupation?

Mr. CASTELLITO. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

Senator CURTIS. Do you have an attorney?

Mr. CASTELLITO. I do.

Senator CURTIS. Mr. Counsel, will you identify yourself?

Mr. ALLDER. H. Clifford Alder, Washington, D.C.

Senator CURTIS. Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Castellito, you are business agent for local 560 of the Teamsters, and an associate of Tony Provenzano; is that right?

Mr. CASTELLITO. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

Mr. KENNEDY. Will you tell us about the meetings you held with Walter Dorn in 1953 and 1954 which suggested he should pay some money to ease his labor problems?

Mr. CASTELLITO. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

Mr. KENNEDY. Will you tell us about your dealings with the L. & H. Transportation Co. and whether you received any money from Mr. Jacobson, in New York City, during 1948 and 1949?

Mr. CASTELLITO. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

Mr. KENNEDY. What is his salary, Mr. Aporta?

Mr. APORTA. \$19,500.

Mr. KENNEDY. Plus the Cadillac?

Mr. APORTA. The Cadillacs.

Mr. KENNEDY. Plus expenses?

Mr. APORTA. Plus expenses.

Mr. KENNEDY. Is he also a beneficiary under this special arrangement that was made in 1957?

Mr. APORTA. Yes, sir.

Mr. KENNEDY. So you received money also from three sources, the special arrangement, the salary and expenses, and you received money from the employers; is that right, Mr. Castellito?

Mr. CASTELLITO. I respectfully decline to answer because I honestly believe that my answer might tend to incriminate me.

Mr. KENNEDY. That is all.

Senator CURTIS. Mr. Castellito, how long have you been with the Teamsters Union?

Mr. CASTELLITO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Will you tell us what you know about Mr. Communale?

Mr. CASTELLITO. I respectfully decline to answer because I honestly believe that my answer may tend to incriminate me.

Mr. KENNEDY. That is all.

Senator CURTIS. You may stand aside. You will remain under subpoena, subject to returning upon reasonable notice. Do you agree to that?

Mr. CASTELLITO. Yes.

Senator CURTIS. Call your next witness.

Mr. KENNEDY. That finishes that phase, Mr. Chairman. We have two or three things I would like to finish up this afternoon. But that is the main purpose of the hearing.

I would like to call Mr. Benjamin Dranow.

Senator CURTIS. Mr. Dranow.

Will you raise your right hand and be sworn?

You do solemnly swear that the testimony you are about to give will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. DRANOW. I do.

TESTIMONY OF BENJAMIN DRANOW ACCOMPANIED BY COUNSEL, H. CLIFFORD ALLDER

Senator CURTIS. State your name, your residence, and your business or occupation.

Mr. DRANOW. My name is Benjamin Dranow. I live in Beverly Hills, Calif.

Senator CURTIS. Your street address?

Mr. DRANOW. 9649 West Olympic Boulevard.

Senator CURTIS. Your business or occupation?

Mr. DRANOW. I respectfully decline to answer because I honestly believe that the answer might tend to incriminate me.

Senator CURTIS. You have counsel present?

Mr. DRANOW. Yes, I do.

Senator CURTIS. Counsel, will you again identify yourself for the record?

Mr. ALLDER. H. Clifford Alder, Washington, D.C.

Mr. KENNEDY. Mr. Dranow, Mr. Chairman, as you will remember, appeared before the committee about a year ago in connection with a loan to a department store up in Minneapolis. Mr. Hoffa had loaned them \$1,200,000, and the department store then went into bankruptcy. Mr. Dranow had been a friend and associate of Mr. Hoffa. Dr. Dranow then took off with over \$100,000 from the department store. That was all developed during our hearings first in 1957 and then later in 1958.

We had also gone into the Sun Valley situation down in Florida, where another friend of Mr. Hoffa's had developed the Sun Valley operation, and where Mr. Hoffa had obtained loans from banks in Detroit and in Florida. Then that went into bankruptcy.

Then we found from our investigation in 1959 that Mr. Benjamin Dranow took over the Sun Valley operation.

Could you tell us how that was arranged?

Mr. DRANOW. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. We had testimony from Claude E. Davis, president of the Barnard National Bank, in Cocoa, Fla., that on October 8, just 3 weeks after we held hearings on some of these activities, Mr. Benjamin Dranow went down there and said if the bank would make a loan on this matter which he was interested in, he in turn could get \$1 million of Teamster Union funds deposited at the bank without paying any interest.

Would you tell us about that?

Mr. DRANOW. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Mr. Chairman, he appeared before the committee in 1958. He was supposed to have appeared in 1957. We were unable to find him. We finally found him after a year of looking for him. He appeared in 1958.

Then he was supposed to appear last week. He became ill and was unable to testify. Mr. Alder was able to secure him for an appearance here today.

We also found him not only in the Sun Valley operation, but also, according to the testimony before the committee, we found that it was to Mr. Dranow that the Teamsters looked in order to make the purchase of certain jackets for Teamster Union members, some 20,000 jackets, mostly for locals 299 and 337 in Detroit, and that the jackets were paid for by these two locals, and that there was no bid obtained.

Could you tell us why the Teamsters went through you for that?

Mr. DRANOW. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Particularly in view of the fact that your operations have been revealed here before the committee, why, then, would Mr. Hoffa deal with you, Mr. Dranow?

Mr. DRANOW. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And then the third case, Mr. Chairman, that we found Mr. Dranow involved in—and this is all since our hearings when the information regarding Mr. Dranow was developed—the third case involved certain airplanes, one of which ultimately ended up trying to transport arms and goods to the Dominican Republic.

Would you tell us what you know about that, Mr. Dranow?

Mr. DRANOW. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And when the representative for the company went to see Mr. Downs in Chicago, the man that was ultimately arrested in connection with the transportation of the arms, he stated that he was there at the suggestion of Mr. Dranow who spoke for Mr. Hoffa on these matters.

Would you tell us about that?

Mr. DRANOW. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Why would Mr. Hoffa go through all these financial dealings with you, Mr. Dranow?

Mr. DRANOW. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Wouldn't he be interested in protecting the union membership by dealing with somebody who was not found to be dishonest in connection with these financial deals?

Mr. DRANOW. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Would you tell us who made the arrangement whereby you only paid \$18,000 for Mr. Henry Lower's interest in Sun Valley?

Mr. DRANOW. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. That is all, Mr. Chairman.

Senator CURTIS. You may stand aside. You will remain under subpoena and return upon proper notice.

Mr. DRANOW. Yes, sir.

Mr. KENNEDY. Mr. Dominic Abata, Everett Clark, and Cecil Clark, Mr. Chairman.

Senator CURTIS. Will you three gentlemen come forward?

All three of you will be sworn at once. Do you and each of you solemnly swear that the testimony you are about to give before this Senate Select Committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. ABATA. I do.

Mr. EVERETT CLARK. I do.

Mr. CECIL CLARK. I do.

TESTIMONY OF CECIL CLARK, DOMINIC ABATA, AND EVERETT CLARK

Senator CURTIS. Beginning on my left, will you give your name, your residence, and your business or occupation?

Mr. CECIL CLARK. Cecil J. Clark, Yellow Cab driver, 2450 South Sawyer, Chicago, Ill.

Senator CURTIS. Your name and address?

Mr. ABATA. Dominic Abata, 2610 West Berwyn, Chicago, Ill.

Senator CURTIS. And your occupation?

Mr. ABATA. I am organizer now.

Senator CURTIS. For what?

Mr. ABATA. President of DOUC, Democratic Organizing Committee.

Senator CURTIS. What union?

Mr. ABATA. Local 777.

Senator CURTIS. Of the Teamsters?

Mr. ABATA. No. Independent.

Senator CURTIS. And your name and address and business or occupation?

Mr. EVERETT CLARK. Everett Clark, Yellow Cab driver, 3332 South Hamilton Avenue, Chicago, Ill.

Senator CURTIS. You gentlemen are aware that you are entitled to have an attorney to advise you when you appear as a witness? You are each aware of that, are you?

Mr. CECIL CLARK. Yes.

Mr. EVERETT CLARK. Yes.

Mr. ABATA. Yes.

Senator CURTIS. Do you waive counsel?

Mr. EVERETT CLARK. Yes.

Mr. CECIL CLARK. Yes.

Mr. ABATA. Yes.

Mr. KENNEDY. Mr. Abata, you testified before this committee some months ago; is that correct?

Mr. ABATA. I did.

Mr. KENNEDY. In connection with activities of Joseph Glimco, of local 777 of the Teamsters?

Mr. ABATA. I did, sir.

Mr. KENNEDY. At that time we had a considerable amount of testimony other than your own, which revealed that Mr. Glimco was using the union funds for his own personal purchases and for his own reasons; is that right?

Mr. ABATA. That is right, sir.

Mr. KENNEDY. That he made a trip to California, that he was using union funds to make purchases for his friends; is that correct?

Mr. ABATA. Right, sir.

Mr. KENNEDY. That was all revealed before the committee.

And in addition, there was testimony about the lack of democracy and also collusion with certain employers in the Chicago area in connection with Mr. Glimco?

Mr. ABATA. Right, sir.

Mr. KENNEDY. After you returned to Chicago, there was an effort by the union membership, was there not, to try to throw off the control of Mr. Joseph Glimco, of local 777?

Mr. ABATA. We are still trying.

Mr. KENNEDY. That was at least in part led by you; is that correct?

Mr. ABATA. Right, sir.

Mr. KENNEDY. Have there been efforts to harass yourself and those who have attempted to get rid of Mr. Glimco?

Mr. ABATA. Definitely.

Mr. KENNEDY. There has been a major effort along those lines, has there not?

Mr. ABATA. I would say yes.

Mr. KENNEDY. Mr. Clark, both of you are individuals that have supported Mr. Abata in connection with these efforts?

Mr. EVERETT CLARK. Yes, sir.

Mr. CECIL CLARK. That is right, sir.

Mr. KENNEDY. And you have had the support, help, and assistance of other taxicab drivers in the Chicago area?

Mr. CECIL CLARK. Very much so.

Mr. EVERETT CLARK. That is right.

Mr. KENNEDY. Those who have been helping and assisting you, have they been subject to harassment?

Mr. EVERETT CLARK. They have.

Mr. KENNEDY. What form does this take?

Mr. EVERETT CLARK. Fired, discharged.

Mr. KENNEDY. By whom?

Mr. EVERETT CLARK. By the company and the union.

Mr. KENNEDY. When you say fired by the company, how did that take place?

Mr. EVERETT CLARK. No bookings.

Mr. KENNEDY. They wouldn't give you the work that they gave to the other individuals?

Mr. EVERETT CLARK. That is right.

Mr. KENNEDY. What taxicab companies are involved in some of these things?

Mr. EVERETT CLARK. The Yellow Cab and the Checker Cab Co.

Mr. KENNEDY. You two are still working, are you not?

Mr. EVERETT CLARK. We are.

Mr. KENNEDY. Were some of your colleagues fired?

Mr. EVERETT CLARK. That is right.

Mr. KENNEDY. By both of these taxicab companies?

Mr. EVERETT CLARK. That is right.

Mr. KENNEDY. Has it been obvious that the two taxicab companies have favored Mr. Joseph Glimco?

Mr. EVERETT CLARK. They have.

Mr. KENNEDY. Did you find that you had difficulty getting as many runs as you had prior to the time that you opposed Mr. Glimco?

Mr. EVERETT CLARK. Would you repeat that again, sir?

Mr. KENNEDY. Did you find that harassment also took the form of you not being given as much business as you had received prior to the time that you opposed Mr. Glimco?

Mr. EVERETT CLARK. No.

Mr. KENNEDY. How did the harassment take place as far as you were concerned?

(The witnesses conferred with each other.)

Mr. KENNEDY. Maybe you can explain it, Mr. Abata.

Mr. ABATA. The harassment took place in the form of intimidation—

Mr. KENNEDY. In what specifics, please?

Mr. ABATA. Such as threatening him to break his legs, and beating him up on occasion, and intimidating him in the garages.

Mr. KENNEDY. Did you try to get petitions signed?

Mr. ABATA. We did, sir.

Mr. KENNEDY. What happened?

Mr. ABATA. Every time we went out to have petitions signed, we were harassed and intimidated.

Mr. KENNEDY. In what way, specifically?

Mr. ABATA. Taking the petitions away from the committee, ripping them up, throwing them away.

Mr. KENNEDY. When you had meetings, did they come around with cameras to take your pictures?

Mr. ABATA. When we had meetings, they did, sir.

Mr. KENNEDY. Were you beaten up?

Mr. CECIL CLARK. I was not beaten up.

Mr. EVERETT CLARK. I was beaten up.

Mr. KENNEDY. In what way? What happened?

Mr. EVERETT CLARK. I was sitting in my cab. I pulled in the North Western Station, about six came down to my cab, opened the left door up. I looked to see who was there. When I did, I turned my head and he hit me in the left eye. I had three stitches taken.

Senator CURTIS. Do you know who did that?

Mr. EVERETT CLARK. Yes, I do. He is in court. I have him in court now.

Senator CURTIS. Was he connected with the Teamsters Union?

Mr. EVERETT CLARK. Yes.

Senator CURTIS. Do you know why he did it?

Mr. EVERETT CLARK. Because I was getting my petitions signed up.

Senator CURTIS. It was because of your activity to have an independent union?

Mr. EVERETT CLARK. That is right, sir.

Senator CURTIS. That is all.

Mr. KENNEDY. Were you ever told that if you went to see Mr. Glimco and had a talk with him, that this whole thing could be straightened out?

Mr. EVERETT CLARK. I did.

Mr. KENNEDY. Who told you that?

Mr. EVERETT CLARK. Kenneth Colling. Kenneth Colling came up to me one evening as I was leaving the garage to go home—came up to the side of my car and he said, "Have you been down to see Glimco yet?" and I said, "No." He said, "If you don't go down to see him, I am going to smear you up."

Senator CURTIS. What position did he hold in the union? Do you know?

Mr. EVERETT CLARK. I understand that he is Glimco's agent.

Mr. KENNEDY. Mr. Abata, have you been followed?

Mr. ABATA. I have been followed morning and night, sir.

Mr. KENNEDY. You have two detectives now guarding you, is that right?

Mr. ABATA. Yes, sir.

Mr. KENNEDY. Is there fear among the drivers in their efforts to get rid of Mr. Glimco?

Mr. ABATA. I would say "Yes."

Senator CURTIS. These things that you have described have they been going on currently?

Mr. ABATA. The last 4 months they have been.

Senator CURTIS. They are going on now?

Mr. ABATA. They are going on right now, right at this moment.

Senator CURTIS. Do you get any protection from local authorities?

Mr. ABATA. Some.

Mr. KENNEDY. They are guarding you; they are doing everything they can?

Mr. ABATA. Yes.

Senator CAPEHART. Who furnishes the two detectives?

Mr. ABATA. The city of Chicago.

Senator CAPEHART. Are they with you today?

Mr. ABATA. No; they are not.

Senator CAPEHART. Are they with you 24 hours a day?

Mr. ABATA. Yes, sir.

Senator CAPEHART. Stay at your house at night?

Mr. ABATA. Yes, sir.

Senator CAPEHART. Have they ever noticed anyone or caught anyone?

Mr. ABATA. They noticed Colling one morning and they wanted to know who he was. They noticed him going by my home.

Senator CAPEHART. Who was going by your home?

Mr. ABATA. This gentleman that this gentleman spoke about. I told the police department who the gentleman was. His name is Kenneth Colling. He is an agent of Glimco's.

Senator CAPEHART. What is it that you are doing that makes it necessary for you to have two bodyguards?

Mr. ABATA. Well, I tell you, Senator, when I came here in March to testify I was inspired by this committee. I thought like a lot of other people do you are the greatest committee in the United States. I think it is for the little man. I went out when I got back to Chicago, after my testimony here, I felt that the cab drivers needed some help. I got myself a committee together to reorganize the cab drivers of Chicago through an independent union.

Senator CAPEHART. You mean a union, an independent union?

Mr. ABATA. That is right.

Senator CAPEHART. Prior to your testimony in March, had you any organizing experience?

Mr. ABATA. I was president of the Cab Drivers Union for 15 years.

Senator CAPEHART. The AFL union, the Teamsters Union?

Mr. ABATA. The Teamsters Union. The same cab drivers union we are talking about now.

Senator CAPEHART. That is the same union that Mr. Glimco is now the president of?

Mr. ABATA. Yes, sir.

Senator CAPEHART. Did he beat you in an election?

Mr. ABATA. No; he could not beat me in an election. I was forced out of the union.

Senator CAPEHART. How were you forced out?

Mr. ABATA. Well, they asked for my resignation time and time again.

Senator CAPEHART. Who asked for it?

Mr. ABATA. Various friends of his.

Senator CAPEHART. Various friends of whose?

Mr. ABATA. Joe Glimco's.

Senator CAPEHART. What position did he hold when you were president?

Mr. ABATA. He was trustee.

Senator CAPEHART. He was one of the trustees?

Mr. ABATA. Right, sir.

Senator CAPEHART. Now, since you have been out you have been trying to organize another union?

Mr. ABATA. Through the inspiration I got from this committee here.

Senator CAPEHART. Have we given you any help?

Mr. ABATA. The committee?

Senator CAPEHART. Yes.

Mr. ABATA. I should say they are.

Senator CAPEHART. They are giving you help?

Mr. ABATA. They are.

Senator CAPEHART. Are they furnishing the two guards, helping to furnish the two men watching you?

Mr. ABATA. Yes, sir.

Mr. KENNEDY. We are not.

Mr. ABATA. No, the police department is.

Senator CAPEHART. Well, that was my question, what help this committee was giving you.

Mr. KENNEDY. I think that is all for now, Mr. Chairman.

We have here an Illinois Teamsters News that I would like to have for the record.

Can you identify the Illinois Teamsters News?

Senator CURTIS. Mr. Abata, we hand you what appears to be a photostatic copy of a newspaper. Can you tell us what it is?

Mr. ABATA. I know one thing, Senator. It is the Teamsters News.

Senator CURTIS. You recognize it as the Teamsters News?

Mr. ABATA. Yes. It is more or less a scandal sheet. I never saw this Teamsters News before, nor anybody else.

Senator CURTIS. You mean you never saw it before today?

Mr. ABATA. Prior to that date, that is right.

Senator CURTIS. But you did see an issue like that?

Mr. ABATA. Yes.

Senator CURTIS. Who prints that?

Mr. ABATA. A fellow by the name of George Barker.

Senator CURTIS. That picture that you have in your hand, is that of you?

Mr. EVERETT CLARK. It is, sir.

Senator CURTIS. When was that taken?

Mr. EVERETT CLARK. It was taken around May 4.

Senator CURTIS. What year?

Mr. EVERETT CLARK. 1959.

Senator CURTIS. It shows that you have an injury.

Mr. EVERETT CLARK. It does, sir.

Senator CURTIS. Where did you receive that injury?

Mr. EVERETT CLARK. At North Western Station while I was sitting inside my cab.

Senator CURTIS. That was the assault made upon you that you previously described a few minutes ago?

Mr. EVERETT CLARK. That is, sir.

Senator CURTIS. The picture will be received as exhibit No. 52 for reference only.

(The document referred to was marked "Exhibit No. 52" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. Have you received telephone calls in addition?

Mr. EVERETT CLARK. I have, but when I would answer they would hang up.

Mr. KENNEDY. How about you?

Mr. CECIL CLARK. I have had calls, one pertaining to a death threat. Other calls I have had, they would just hang up and no answer. My last call was Saturday morning about 8:30. I had a call and the party hung up.

Mr. KENNEDY. Did any of them mention your wife, what would happen to her?

Mr. CECIL CLARK. At no time was my wife ever mentioned; only when I was threatened that my wife would be found crying over my dead body.

Mr. KENNEDY. That your wife would be crying over your dead body?

Mr. CECIL CLARK. That is correct.

Mr. KENNEDY. Have you any fear about going out, for instance, to Midway Airport or any of those places?

Mr. CECIL CLARK. I have fear going to Midway or leaving the airport, yes.

Mr. KENNEDY. Why?

Mr. CECIL CLARK. Well, during this activity in the union business I normally go to the airport, I will stay there in line. During the course of the time of our petitions we was working day and night and getting them signed, we were watched from all angles, sideways, and by different stories, seeing who these petitions were signed by. Sunday morning we were out to the airport getting petitions signed. Monday I was in the cab line. In front of me was another Yellow Cab No. 512. I have only known this man a short while. That is George Crandall. He came up to me and asked if we had been signing petitions yesterday. I said yes, I was out here and there was another party with me at the time. He told me right across the street Cafarello's put up a new signboard above the roof for their advertisement. He said it was very easy for the Teamsters to get a man spotted over there and pick you off while you were in the line. I remained there about a half hour, took my load, went downtown. I have not gone to the airport for fear of somebody being in the motel for that threat.

Mr. KENNEDY. Mr. Chairman, this points out why these Teamster members do not get rid of some of their officers. We had the situation with local 802 in New York City in connection with John McNamara, and we have local 777 in Chicago. Also enclosed in this paper is a letter from John T. O'Brien to Joseph Glimco dated April 28, 1959, which again is extremely pertinent. Could I read excerpts from it?

Senator CURTIS. Yes. The entire exhibit I don't believe we have made a part of the record. It will be made part of the record for reference.

That will be made exhibit No. 51 for reference.

(The document referred to was marked "Exhibit No. 51" for reference and may be found in the files of the select committee.)

Mr. KENNEDY (reading) :

DEAR SIR AND BROTHER: This will acknowledge receipt of your letter of April 21, 1959, with reference to the action taken by your executive board on April 20, concerning the so-called Local 777 Democratic Union Organizing Committee.

As you requested, I have made an investigation into the matter. After carefully examining the situation, I advise you, your fellow officers and all members of local 777 of my findings as follows :

1. The so-called Local 777 Democratic Union Organizing Committee is a dual and secessionist movement within the meaning of and prohibited by the international constitution.

2. This group is led by people who are not members of the Teamsters Union and who have no rights or business in the Teamsters organization on local 777 under the international constitution or the local bylaws.

3. The so-called organizing committee is attempting to oust and replace the Teamsters Local 777 as bargaining agent for Yellow and Checker taxidrivrs and inside workers.

4. The rump organization is misusing the name of local 777 in its title and probably has misled members of Teamsters Local 777 into signing petitions which they believed were official papers of your organization.

5. Members of Teamsters Local 777 who take part in this dual movement or do anything else knowingly to aid it may be subject to the disciplinary procedures of article 18 of the international constitution and the parallel provisions of your local 777 bylaws.

Accordingly, I recommend that you read this letter to your regular membership meeting on May 4, 1959, and that you otherwise acquaint your membership with the dual union character of the so-called democratic union organizing committee. I also recommend that you read article 18 of the international constitution in its entirety to your membership meeting.

There is a final paragraph, but it is signed John O'Brien. In other words, they were ready to take disciplinary action against the union membership who were trying to take steps to clean up the union. Mr. John O'Brien appeared before the committee and took the fifth amendment.

Senator CAPEHART. The democratic union organizing committee, does that have anything to do with the Democratic Party?

Mr. KENNEDY. That is all for these witnesses.

Senator CURTIS. Senator Capehart has a question.

Senator CAPEHART. Was there any connection between this and the Democratic Party?

Mr. ABATA. No, not at all.

Senator CAPEHART. No connection at all?

Mr. ABATA. No, sir.

Senator CAPEHART. The word "democrat" as used here was used in what respect?

Mr. ABATA. Just democratic in voicing the opinions among the membership. That is what we mean.

Senator CAPEHART. You mean this Teamsters Union is democratic? Is that the idea?

Mr. ABATA. No. We say it is a democratic organization where the rank and file has a right say what it wants.

Senator CAPEHART. You mean your group is the democratic group?

Mr. ABATA. Right.

Senator CAPEHART. That is what was meant by this statement of "democrat"?

Mr. ABATA. Yes; that is all.

Senator CURTIS. We thank you gentlemen very much for coming here and giving this information to the committee. You may stand aside.

Mr. Colling and Mr. Glimco.

Will you stand and be sworn?

Do you and each of you solemnly swear that the testimony you are about to give will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. COLLING. I do.

Mr. GLIMCO. I do.

**TESTIMONY OF JOSEPH P. GLIMCO, ACCOMPANIED BY COUNSEL,
H. CLIFFORD ALLDER, AND TESTIMONY OF KENNETH COLLING**

Senator CURTIS. Will the gentleman on my left state your name, your address, and your business or occupation?

Mr. GLIMCO. Joseph Paul Glimco, 629 Selbourne Road, Riverside, Ill.

Senator CURTIS. Your business or occupation?

Mr. GLIMCO. I respectfully decline to answer the question because I honestly believe that my answer might tend to incriminate me.

Senator CURTIS. Are you represented by counsel?

Mr. GLIMCO. I am, sir.

Senator CURTIS. Mr. Counsel?

Mr. ALLDER. H. Clifford Alder, Washington, D.C.

Senator CURTIS. The gentleman on my right, state your name, your residence, and your business or occupation.

Mr. COLLING. Kenneth Colling, 865 North Wood Street, Chicago, Ill.

Senator CURTIS. Your business or occupation?

Mr. COLLING. I am a cabdriver.

Senator CURTIS. Are you represented by counsel?

Mr. COLLING. No, sir.

Senator CURTIS. You understand that you are entitled to counsel?

Mr. COLLING. I don't think I need any.

Senator CURTIS. Do you waive counsel?

Mr. COLLING. Yes, sir.

Senator CURTIS. Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Colling, do you receive any money from the Teamsters Union whatsoever?

Mr. COLLING. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Mr. Glimco, you appeared before the committee previously, and the fact was developed that you were taking union funds to provide for you and your girl friend to take a trip to the west coast. Your union funds were used for those purposes.

Have you paid the union back for that trip that you took out there? (The witness conferred with his counsel.)

Mr. GLIMCO. Pardon me. I didn't understand it. Would you repeat it, please?

Mr. KENNEDY. I am wondering if you paid the union back for the money that you took.

Mr. GLIMCO. I respectfully decline to answer the question because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. You do?

That is the money that you took in connection with your girl friend on that trip. Then as to the money which the committee developed you were using in Chicago for your own personal purposes, have you restored any of that money to the union?

Mr. GLIMCO. I respectfully decline to answer the question because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And what about the \$124,000 that you took, Mr. Glimco, when you were involved or indicted for extortion in the Fulton Street Market? You took \$124,000 of union funds from the taxicab local with no authorization from the membership to defend yourself in that case.

Have you restored any of the \$124,000?

(The witness conferred with his counsel.)

Mr. KENNEDY. Would you like me to repeat it?

Mr. GLIMCO. Please.

Mr. KENNEDY. It was developed before the committee that you took \$124,000 of union funds at a time that you were indicted for extortion in connection with the Fulton Street Market. You had been placed in charge of the Fulton Street Market by some of the underworld figures in Chicago. You were then involved in an extortion. You took \$124,000 of union funds out of your taxicab local to defend yourself in that case. I am asking you now whether you have returned to the local any of the \$124,000.

Mr. GLIMCO. I respectfully decline to answer the question because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Has the district attorney, the public prosecutor, the prosecuting attorney in Chicago, taken any action against you in connection with any of these cases, Mr. Glimco?

Mr. GLIMCO. What was that? Pardon me.

Mr. KENNEDY. Has the district attorney taken any action against you in any of these cases?

Mr. GLIMCO. I respectfully decline to answer the question because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Has Mr. Hoffa taken any action against you in connection with any of these activities?

Mr. GLIMCO. I respectfully decline to answer the question because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. So it is left up to the local membership. Nobody has taken any action against you, Mr. Glimco. It is left up to the local membership, and you carried on a harassment against them, is that right?

(The witness conferred with his counsel.)

Mr. GLIMCO. I respectfully decline to answer the question because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. You wouldn't be able to go out and harass anybody yourself, Mr. Glimco. So did you hire some people to do it for you? Did you?

Mr. GLIMCO. I respectfully decline to answer the question because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. You hired some big fellows to go around and beat up the taxicab drivers who were opposing you, Mr. Glimco?

(The witness conferred with his counsel.)

Mr. KENNEDY. The record should show that he is consulting with his attorney. He needs advice on these matters.

Mr. GLIMCO. I didn't hear the question. Would you mind repeating it, please?

Mr. KENNEDY. I asked you whether you had to go out and hire some big fellows to go beat up the taxicab drivers for you. Did you hear that?

Mr. GLIMCO. I respectfully decline to answer the question because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Would you be scared to do it yourself, Mr. Glimco?

Mr. GLIMCO. I respectfully decline to answer the question because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And you can always pay them out of union funds. Is that right?

Mr. GLIMCO. I respectfully decline to answer the question because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Just as you are living on union funds, traveling around the country on union funds, and always using union members' dues money for those purposes?

Mr. GLIMCO. I respectfully decline to answer the question because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Do you expect Mr. Hoffa is ever going to take any action against you, Mr. Glimco?

Mr. GLIMCO. I respectfully decline to answer the question, or answer the question, rather, that my answer might tend to incriminate me.

Mr. KENNEDY. Mr. Colling, have you been going around harassing the drivers on behalf of Mr. Glimco?

Mr. COLLING. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Is that because Mr. Glimco couldn't do it himself and he got you to do it for him?

Mr. COLLING. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Could you tell us where you obtained your 1957 Cadillac, Mr. Colling?

Mr. COLLING. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Mr. Colling, you were convicted of robbery, were you not, in 1940?

Mr. COLLING. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Isn't it correct that when the police stopped you at one time when you were following Mr. Abata around, you showed them a letter saying that you were on authorized business at that time?

Mr. COLLING. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And didn't you state to one of the taxicab drivers that he better give up circulating his petition and get away from there or you would break his damn legs?

Mr. COLLING. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. That is all, Mr. Chairman.

Senator CURTIS. You may step aside.

Mr. KENNEDY. We might need Mr. Glimco again.

Senator CURTIS. Mr. Glimco, you will remain under subpena.

Mr. KENNEDY. We might keep him here. We might need him here tomorrow.

Senator CURTIS. You are not dismissed. You will be here tomorrow.

Mr. GLIMCO. Thank you.

(Whereupon, at 4:40 p.m., the committee proceeded to other business.)

INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

TUESDAY, JULY 7, 1959

U.S. SENATE,
SELECT COMMITTEE ON IMPROPER ACTIVITIES
IN THE LABOR OR MANAGEMENT FIELD,
Washington, D.C.

The select committee met at 10:30 a.m., pursuant to Senate Resolution 44, agreed to February 2, 1959, in the caucus room, Senate Office Building, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Sam J. Ervin, Jr., Democrat, North Carolina; Senator Barry Goldwater, Republican, Arizona.

Also present: Robert F. Kennedy, chief counsel; Paul J. Tierney, assistant counsel; Arthur G. Kaplan, assistant counsel; George M. Kopecky, assistant counsel; George H. Martin, investigator; Sherman S. Willse, investigator; Ruth Y. Watt, chief clerk.

The CHAIRMAN. The committee will come to order.

(Members of the select committee present at time of convening: Senators McClellan and Goldwater.)

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Mr. Chairman, yesterday a statement was made by Mr. Helm that he had requested Mr. Jacobson to contact the Federal Bureau of Investigation in connection with these payoffs that his company was making, so that they could make an investigation and make an arrest or take some appropriate action.

At that time I put in the record that we had received no information that any such contact was made with the Federal Bureau of Investigation. They have since checked their files even more thoroughly and have found that there was no request made of them, nor was this information ever reported to the Federal Bureau of Investigation.

The CHAIRMAN. Who was the witness that gave the testimony?

Mr. KENNEDY. It was Mr. Helm. All he stated was that he told Mr. Jacobson to take some action by contacting the Federal Bureau of Investigation. When Mr. Jacobson appeared before the committee, he took the fifth amendment.

The CHAIRMAN. All we have is that one businessman gave instructions to another, one of his subordinates, I suppose, to take it up with the Bureau, and then that subordinate took the fifth amendment?

Mr. KENNEDY. That is right.

The CHAIRMAN. And the FBI says no such report ever came to it?

Mr. KENNEDY. That is correct.

The CHAIRMAN. All right; that is the record.

Call the next witness.

Mr. KENNEDY. Mr. Communale.

The CHAIRMAN. You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. COMMUNALE. I do.

TESTIMONY OF MICHAEL G. COMMUNALE

The CHAIRMAN. State your name, your place of residence, and your business or occupation, please, sir.

Mr. COMMUNALE. My name is Michael G. Communale, and I am an attorney at law of the State of New Jersey. I have an office at 591 Summit Avenue, Jersey City. I am also employed as an assistant prosecutor for the county of Hudson in the State of New Jersey.

The CHAIRMAN. Assistant prosecutor?

Mr. COMMUNALE. Yes; I am permitted to engage in private practice, sir.

The CHAIRMAN. All right. Proceed.

Mr. KENNEDY. Mr. Communale, as you are aware, we had testimony yesterday from Mr. Dorn, of the Dorn Transportation Co., in connection with placing you on the payroll, giving you a retainer of some \$200 a month, and that this was requested by Mr. Tony Provenzano, who is now head of joint council 73 in New Jersey, and president of local 560 of the Teamsters, and at that time was a business agent for local 560 of the Teamsters.

Did you, in fact, receive \$200 a month from Mr. Dorn, of the Dorn Transportation Co.?

Mr. COMMUNALE. Yes, sir.

The CHAIRMAN. Over what period of time? Over what period of time?

Mr. COMMUNALE. I read the newspaper accounts and Mr. Dorn's testimony is substantially correct. Beginning about August 3, 1953, or August 10, 1953, up to and including last month.

The CHAIRMAN. To June 1959?

Mr. COMMUNALE. Yes, sir.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Did you ever do any work for the \$200 a month?

Mr. COMMUNALE. Actually and substantially, no.

Mr. KENNEDY. You just received the \$200 every month?

Mr. COMMUNALE. Yes, sir.

Mr. KENNEDY. Didn't it seem to you a little bit unusual that you received the \$200 a month without doing any work?

Mr. COMMUNALE. It did, and it did not, because I considered myself on a retainer, and whatever moneys received by me would be an advance toward any reserve fee or any fee that I might earn for services performed after the receipt of the money.

Mr. KENNEDY. Do you know Mr. Tony Provenzano?

Mr. COMMUNALE. I do, sir.

Mr. KENNEDY. How long have you known him?

Mr. COMMUNALE. I have seen him in and about the city of Jersey City, and particularly in my office building a number of times. The extent of my association with him is very limited.

Mr. KENNEDY. Do you know Jacob Friedland?

Mr. COMMUNALE. I do, sir.

Mr. KENNEDY. His office is located on the same floor as your office?

Mr. COMMUNALE. Practically next door at one time.

Mr. KENNEDY. He is the attorney, is he not, for Tony Provenzano?

Mr. COMMUNALE. I understand that, sir.

Mr. KENNEDY. And also for various Teamster local unions; is that right?

Mr. COMMUNALE. Yes. He is very, very active and prominent in labor circles.

Mr. KENNEDY. How did it happen that you were placed on the payroll of the Dorn Transportation Co.?

Mr. COMMUNALE. If you will bear with me, Mr. Chief Counsel, I must go back to the circumstances by which I was associated in some way with Jack Friedland, because he had an office next to mine and we spoke to each other each day, and sometimes we would engage in a friendly game of gin rummy in the leisure hours of the day.

I got to be very friendly with him. Sometimes I would eat lunch with him. There is a restaurant in the building. We were in constant association with one another. My office was next to local 617.

Mr. KENNEDY. Of the Teamsters?

Mr. COMMUNALE. Of the Teamsters. That is another local that was represented by Jack Friedland. In that local, there was a man by the name of Nicholas Amatrudi, at whose wedding I was the best man. That was over 30 years ago.

I was in daily contact with them, talking with them, having friendly association, but I never represented labor unions, and particularly local 617, and more particularly this very good friend of mine, Nicholas Amatrudi. All work was done by their own counsel and their own lawyers.

Then there was an old man in my office who had been associated with another oldtimer by the name of Douglas D. T. Storey. Douglas D. T. Storey passed on, and the old man who was with Douglas D. T. Storey, and that man's name is Ciccarelli. He remained in my office after the death of Mr. Storey.

Mr. KENNEDY. What was his first name?

Mr. COMMUNALE. We used to call him "Chick," but his name is Orestes.

Mr. KENNEDY. Go on.

(At this point Senator Ervin entered the hearing room.)

Mr. COMMUNALE. Now, having given you this background of Jack Friedland, and being next to my office, and local 617, and Nick Amatrudi, and Con Ronan, who was the president of that local, and William McGuire, who was the secretary, I got to be very friendly with the union men, and I often spoke about the possibility of getting any business without being too forward about it.

Ciccarelli, anxious to earn his keep in and about my office, and he would get \$25 or \$30 on occasions from me, he lived in a furnished room, was a sickly old man, had no means of livelihood except what he could pick up in the building by running messages, and he was fast

approaching 80 years of age, I would assume, and this is purely conjecture on my part, that he must have had a conversation with a man, we will say, like Jack Friedland, and in due course I was approached by Ciccarelli, who said to me rather offhandedly, and I didn't pay too much attention to it, "How would you like to represent a trucking company?"

I said, "What connection do you have with trucking companies?" or words to that effect. He said, "Well, I understand you have been recommended as an attorney for this trucking company in upstate New York which wants to start an office here in Jersey City. They want a terminal, they want land, and you have a chance of making a good fee."

"Do you know anybody in the city who has vacant land?" I immediately thought of Tonnelle Avenue, which was a part of a highway system, and there was a growing industry of truck terminals in Jersey City and its environs. So I made a cursory look about and that was the extent of any activity I took. It was practically a waste of time anyway. But later on Ciccarelli tells me, "You have been retained, and you are going to get \$200 a month."

I said, "That's fine." I said, "But where is the retainer?" He said, "Well, they will send you a letter. In due course of time I received a letter, which original letter I turned over to this committee. It is dated August 10, from Rensselaer, N.Y., from the Dorn Transportation Co., in which they say they would like me to accept a retainer for the purpose of handling their legal matters on the tax on trucks running up and down the State of New York that must pay a tax per ton per mile, and other legal matters that might come under my consideration while I would be so retained."

They apologized for the delay in sending me the letter of confirmation of the retainer, and I would assume that the original conversations had with Dorn Transportation were with Mr. Ciccarelli, who represented himself as my agent, working in my office, for the purpose of getting this retainer.

As each month came around, the sum of \$200 came to my office in the form of a check, which I either deposited in my own personal account or cashed it, if I were outside among friends, associates, and businessmen.

I believe some of those checks you have here is because your investigators recently, outside in the hall, asked me about them, so I know you have those checks. I do know also that I have turned over to this committee letters which might explain the delay in inquiring what my full status with the company was.

In 1957 and in 1958, and it might have been before that, too, because I don't have the complete file—Mr. Ciccarelli had kept two files, and why he did that I don't know, but I did find another file——

Mr. KENNEDY. Maybe you had better identify Mr. Ciccarelli other than being an older man. What did he do?

Mr. COMMUNALE. He acted as a law clerk in my office.

Mr. KENNEDY. Had he had any experience along those lines?

Mr. COMMUNALE. Yes. He had experience and he had been disbarred many years ago. He was one of the lawyers that had been disbarred, but excepted from the rule of being associated in any law office. The rule went into effect after his disbarment. Out of charity,

out of mercy, and out of sympathy, and also for economic reasons, being that most of my time was spent down at the courthouse, Mr. Ciccarelli was a convenience to me.

He answered the telephone, took care of my mail, and many times interviewed persons for the purpose of getting facts in any cases.

Mr. KENNEDY. What was he disbarred for?

Mr. COMMUNALE. He was disbarred, I believe, sir, for embezzlement. I am not familiar with that, because it happened a long, long time before I met him.

Mr. KENNEDY. Did you have any difficulty with him when he worked for you?

Mr. COMMUNALE. Yes; I did have difficulty with him.

Mr. KENNEDY. Along what lines?

Mr. COMMUNALE. Along the lines of being careless with my money and careless with other people's money, and also making false pretenses to people, borrowing money on my name.

Mr. KENNEDY. Did you find that he embezzled some of your client's money?

Mr. COMMUNALE. As far as embezzlement is concerned——

Mr. KENNEDY. Well, did he take it?

Mr. COMMUNALE. It would spell out more or less larceny than embezzlement.

Mr. KENNEDY. I am sorry. But as assistant prosecutor in Hudson County, did you take any action against him?

Mr. COMMUNALE. When I found out about it, the man was hopelessly in bed suffering from a stroke and on the point of death, unable to talk. He could not give me any information with regard to the things I wanted to know. So the only things that I would have by way of inculpating him would be the circumstances.

Mr. KENNEDY. He is dead now?

Mr. COMMUNALE. He is dead.

Mr. KENNEDY. When did he die?

Mr. COMMUNALE. He died about 2 years ago.

Mr. KENNEDY. 1957?

Mr. COMMUNALE. Yes, sir.

Mr. KENNEDY. When did this embezzlement take place?

Mr. COMMUNALE. In 1953, 1954, 1955; around that time.

Mr. KENNEDY. And you discovered it in 1955?

Mr. COMMUNALE. I discovered it in the latter part of 1954, but I did not have the full proof. You will realize that it was very embarrassing for me, and whatever losses were sustained were sustained by myself. It was my money that he took. I know what you are driving at, that if I, as a prosecutor, knew that a crime had been committed, it would be my duty to prosecute to the full letter of the law, but circumstances and conditions vary, and this is one of very, very extraordinary proportions.

If I was derelict in not bringing it to the attention of the authorities, then, sir, I plead guilty in the name of sympathy, humanity, and mercy.

Mr. KENNEDY. Now, to get back to your own \$200 a month.

Mr. COMMUNALE. We were talking about my association with these men and how I came to get this retainer.

In 1957 and 1958, and it might have been other years, when the same type of letters were sent to me, the actual knowledge that I had that Dorn Transportation Co. would like to change the situation or the contract with me came by way of a letter dated February, I believe, 1957, in which they said they would like to drop the retainer basis and continue me on an individual fee basis.

I wrote back that I would be very happy, or words to that effect, to cooperate with them; that they need not keep me on a retainer any longer than they wanted to; and if they desired to employ me on a fee basis, I would be glad to do so, and if I could be of any service to them in the future I would do it.

But I did not insist upon the continuation of the installments of the retainer. However, notwithstanding the fact that I wrote the letter, stating that I would like to be employed under a case basis, they continued to send the payments each month, which I considered a reserve toward any possible fees I might earn.

In 1958, the same type of letter was sent to me, I don't know by whom, but I have a recollection that such a letter was sent to me, and I turned it over to this committee. This committee now has the original of those two letters.

In addition to that, the auditors inquired of me whether there was any outstanding obligation or work to be performed by me and I replied in the negative, that everything as far as Dorn Transportation Co. was concerned—I had no matters then pending or any claims to be collected or any accounts due or payable; that there were no judgments for or against the company, and I answered the auditors.

That was the extent of my actual physical work with the company.

Mr. KENNEDY. When you say the actual physical work for the company, what that amounts to, then, is nothing?

Mr. COMMUNALE. One could easily come to that conclusion, sir.

Mr. KENNEDY. Could one come to any other conclusion?

Mr. COMMUNALE. I fail to see how they could, sir.

Mr. KENNEDY. Didn't it strike you as just a little bit peculiar, Mr. Communale, that you would be working for some 5 years and receive some \$200 a month and never be asked to do anything?

Mr. COMMUNALE. I had those thoughts; yes, sir. Do you want to know why I didn't do something about it?

Mr. KENNEDY. All right.

Mr. COMMUNALE. I felt that as long as this company was willing to pay me the sum of \$200 a month on a retainer basis, and I had sufficient authority to accept it, I would continue so long as they wanted me. That is my answer.

Mr. KENNEDY. Of course, the significant part about this is Mr. Dorn's testimony that he put you on the payroll, that he was requested to do so by Tony Provenzano, who at that time was shaking him down, who told him that in order to have labor peace he had to pay Mr. Provenzano certain amounts of money; that he continued to pay those moneys to Provenzano, and subsequently that arrangement ended, and Mr. Provenzano told him that you should be placed on the payroll for \$200 a month.

You were placed on the payroll at \$200 a month, and up until June of this year never did any work for that salary.

Mr. COMMUNALE. Mr. Chief Counsel, if I knew anything along the lines of what Mr. Dorn testified to, I would not even have accepted the first check. I knew nothing of any such alleged arrangement.

Mr. KENNEDY. Even from your testimony, you had a man who had been disbarred, Ciccarelli, who made the arrangements for you to go on the payroll, and then you found him 6 or 8 months later involved in an embezzlement of your own money, or larceny of your own funds and a larceny of your clients' funds.

I would think that would arouse your suspicion, if nothing else, in connection with this business that he had brought to you.

Mr. COMMUNALE. Well, sir, that goes into an operation of my mind. Your mind might work that way. I will tell you the truth, the thoughts entered and left my mind. I did nothing about it.

I agree with you, that as a human person, rationalizing, these thoughts would occur. I have no argument with this committee nor do I attempt in any way to defend myself, but merely to answer your questions to the best of my ability.

I am not apologizing. I can't. I am not defending myself; this is not the place for it. You are asking me questions and I am responding to them to the best of my ability.

Mr. KENNEDY. Did Mr. Communale receive some of this money?

Mr. COMMUNALE. Who?

Mr. KENNEDY. I mean, did Mr. Ciccarelli receive some of this money?

Mr. COMMUNALE. On occasions I would give him some money. If he cashed a check for me, and he needed money, he got it as an advance toward the services he rendered to me. He was not on my payroll, but he was there. After a while he got to be like the "Old Man of the Sea."

Mr. KENNEDY. What did you do with this money?

Mr. COMMUNALE. He entwined his legs about my neck one day when I fell asleep on the beach and he was with me until almost the time—

Mr. KENNEDY. A very visual picture.

What did you do with the money after you received it?

Mr. COMMUNALE. I used it for my expenses, personal obligations, social activities.

Mr. KENNEDY. Did you pass some money on to anyone?

Mr. COMMUNALE. Absolutely not, sir.

Mr. KENNEDY. Some of it went into a trust account. What was that for?

Mr. COMMUNALE. Well, if I have money that I feel is clients' money, I keep it separately in an account, and sometimes pay court expenses out of it. I would have to replace the money taken from the trust account and put it in there. The trust account is a general account. It may have been the money of maybe four or five people in it. It is commingled with other people's money.

Mr. KENNEDY. This is your money that you put in to replace money that you had taken out of the trust fund?

Mr. COMMUNALE. To account for court costs and expenses on behalf of clients whose money I had, and also as a matter of convenience for the purpose of cashing the check.

Mr. KENNEDY. Would you do favors occasionally for Teamsters or Teamsters officials?

Mr. COMMUNALE. It all depends on what you mean by favors, sir.

Mr. KENNEDY. Favors in connection with any problems that they might have.

Mr. COMMUNALE. I don't want to be facetious, but if Nick Amatrudi would tell me that one of his men was stopped for overloading, did I know any magistrate or any person connected with the courts where he might get some consideration, I would do my very best to introduce him or tell him just what he ought to do. Not that he should evade his responsibility for violating the law, but there are certain considerations given to persons who endeavor to do the right thing.

Mr. KENNEDY. Do you think there is a good possibility that the reason you received the \$200 a month was that you could perform, that the Teamster officials in that area would have a friend in the attorney general's office?

Mr. COMMUNALE. Well, sir, I beg your pardon. I would assume that would be begging the question, looking for the kind of an answer that you are looking for. But in all of the ramifications of that question, particularly directed to me, it would be inconceivable, it would be ridiculous, and it would be fantastic to think that anybody could obtain labor peace through me or any considerations. I am a lowly assistant in the prosecutor's office who does what he is told and follows orders. I do not make policy.

Mr. KENNEDY. Do you think, looking back on it now, that that very well might have been the purpose of your receiving the \$200 a month, that the Teamster officials in that area wished to have a contact in the prosecutor's office?

Mr. COMMUNALE. It is very highly conjectural and to me appears almost fantastic. It is unreal.

Mr. KENNEDY. Of course, what you do have is your being placed on the payroll of the company under these rather peculiar circumstances, and Mr. Friedland and some of these other individuals were interested in helping you out. You were placed on the payroll. There has to be some reason or purpose in doing it.

Can you think of any other reason, other than the one I have given you?

Mr. COMMUNALE. I can only let the facts and circumstances speak for themselves. I represent to this committee that I have come here to tell the truth, the whole truth.

Mr. KENNEDY. Can you give us any reason as to why they would put you on the payroll other than the reason I suggest?

Mr. COMMUNALE. Other than my association with Nick Amatrudi, Jack Friedland, and other people who might have had some relationship with Dorn, I don't know. Particularly this Anthony Provenzano, who is mentioned so often, my meetings with him were very casual. He never spoke to me or made any arrangements or told me that he was interested in my welfare in any way.

The CHAIRMAN. I have not gotten the full connection of this. Who arranged with Mr. Dorn for this payment to be made?

Mr. KENNEDY. Anthony Provenzano.

The CHAIRMAN. It was not Ciccarelli?

Mr. KENNEDY. No. The arrangements were made with Mr. Dorn by Mr. Provenzano, and Mr. Provenzano then placed Mr. Communale on the payroll for \$200 a month. Mr. Communale has explained that he first heard about it through Mr. Ciccarelli, as I understand the testimony.

Mr. COMMUNALE. That is right.

(At this point Senator Ervin withdrew from the hearing room.)

The CHAIRMAN. What is your relationship with Provenzano, with Tony Pro?

Mr. COMMUNALE. I have no relationship to him in any way, either by blood or association.

The CHAIRMAN. Any business relationship?

Mr. COMMUNALE. No business relation.

The CHAIRMAN. Did I understand you to say he had an office in your building?

Mr. COMMUNALE. No; his office is in Hoboken. That is local 560. But their lawyer—

The CHAIRMAN. Why would he make arrangements for you to receive a retainer fee?

Mr. COMMUNALE. Senator, I wish I could answer the question, but I don't have the ability or the knowledge.

The CHAIRMAN. You are not close acquaintances?

Mr. COMMUNALE. Absolutely not, sir.

The CHAIRMAN. You had no confidential relationship?

Mr. COMMUNALE. No, sir.

The CHAIRMAN. You had no strong friendship that existed between you?

Mr. COMMUNALE. Absolutely none, sir.

The CHAIRMAN. No business relation?

Mr. COMMUNALE. No business relation.

The CHAIRMAN. Yet he goes out and arranges for you to get a \$200 a month payment.

Mr. COMMUNALE. Assuming that he is the one that did it, sir.

The CHAIRMAN. I mean on the basis of the testimony.

Mr. COMMUNALE. I would arrive at the same conclusion you have; why would a man want me to be retained?

The CHAIRMAN. It does leave a question mark.

Mr. COMMUNALE. That is on the assumption that he did it.

The CHAIRMAN. If he did it, if Dorn is telling the truth—of course, if he is telling a falsehood about it, there may be a whole lot more to this than we can find out.

Mr. COMMUNALE. Mr. Dorn came here and gave testimony under oath. The other fellow, as I understand it, took the fifth amendment. That leaves it in a very, very peculiar position.

The CHAIRMAN. Yes; I wish we could get all of the facts.

Mr. COMMUNALE. I would like to know the answer myself.

The CHAIRMAN. It is a strange thing, and you would concede that, that somebody you didn't know or hardly knew and had no relationship with, or friendship or business, social or otherwise, just went out and arranged with someone in business with whom his labor organization might make a contract to send a \$200 monthly retainer fee to a strange attorney.

Mr. COMMUNALE. I don't want to be hammy about this thing, but I want to tell you one thing. I spoke to Prosecutor Whipple last night. When we learned of the transaction that was supposed to have happened in the Swiss Town House Restaurant about the passing of money for extortion, he advised me to pass this on to the committee, and that he would like to have a full transcript of the proceedings as they affect Hudson County for the purpose of prosecution.

It may also be, if it please you, Mr. Chairman, that because of these allegations made by Mr. Dorn, that I may find my usefulness impaired. I would like to get the answer, the true answer.

The CHAIRMAN. I assure you that we have nothing else in mind, and I don't want to see you harmed or hurt.

Mr. COMMUNALE. I have been harmed in a manner now——

The CHAIRMAN. I don't know how this committee is going to do its job if it stops every time it reaches a point where someone might get hurt if the truth comes out. There is no way we can do a job if we do that.

Now, so far as the transcript is concerned, they are available from the reporter, all or any part of it, and I know you can procure it there.

Are there any further questions?

Mr. KENNEDY. We might put these letters in to which you had reference.

Mr. COMMUNALE. May I ask that either you keep the originals and give me a photostat, or vice versa?

The CHAIRMAN. That will be provided. Either photostatic copies will be made and either the original or the photostatic copies given to the witness.

I present to you these letters.

Mr. COMMUNALE. May I also add to your records this folder which shows the handwriting of Mr. Ciccarelli.

The CHAIRMAN. That may be made exhibit No. 53, the folder which you are presenting with the handwriting of Mr. Ciccarelli.

(Document referred to was marked "Exhibit No. 53" for reference and may be found in the files of the select committee.)

The CHAIRMAN. Now, I present to you two original letters, one dated February 18, 1957, addressed to you by Mr. Walter A. Dorn, of Dorn Transportation, Inc., and ask you to examine it and state if you identify it. And the next one is one dated February 25, 1957, from the secretary of state, addressed to you.

I wish you would examine those two letters and state if you identify them.

(Documents handed to the witness.)

Mr. COMMUNALE. I have examined them, and they are the letters I turned over to your committee.

The CHAIRMAN. They may be made exhibits 54A and B, in the order of their dates.

(Letters referred to were marked "Exhibits No. 54A and 54B," for reference and will be found in the appendix on pp. 19495-19496.)

The CHAIRMAN. I hand you now the carbon copies of letters from you, one dated February 21, to Mr. E. J. Patton, secretary of state, and the other one dated February 28 to the Dorn Transportation, Inc., from you.

Will you examine those carbon copies and state if you identify those.

Mr. COMMUNALE. These are copies of the original letters.

The CHAIRMAN. They may be made exhibits 54C and D in the order of their dates.

(Documents referred to were marked "Exhibits No. 54C and 54D" for reference and will be found in the appendix on pp. 19497, 19498.)

Mr. KENNEDY. Let me ask you about this: When you received this letter—

We would like to have you accept a retainer from our company, regarding the ton-mile tax—

and other matters in New York City, didn't that arouse some question in your mind, the fact that if they wanted someone to handle something in New York they would not get a New York attorney rather than a New Jersey attorney?

Mr. COMMUNALE. That could be, but the ton-mile tax doesn't require the services of an attorney.

Mr. KENNEDY. But it is in New York, is it not?

Mr. COMMUNALE. It requires the service of one who is convenient, and that is not strictly an attorney's job, but other legal matters might be, because they were going to have their base in Hudson County some place or other.

Mr. KENNEDY. But this says—

In the New York City area—

The ton-mile tax is in New York, and this is in the New York City area. They said—

We are sorry for the delay in writing this letter which we agreed to do when we originally discussed this matter.

Mr. COMMUNALE. You will notice in that folder that I gave you that there is a half of an envelope from the Dorn Transportation Co., which has a prior postmark indicating that Mr. Ciccarelli had prior correspondence.

Mr. KENNEDY. Didn't it strike you as a little peculiar that they said—

We are sorry for the delay in writing this letter—
and—

when we originally discussed this matter?

You never discussed the matter with them?

Mr. COMMUNALE. I hadn't discussed it with Dorn, but I discussed it with Ciccarelli.

Mr. KENNEDY. That is not what he says here. It says—

We discussed this matter.

Mr. COMMUNALE. If he says that, I am not bound by what he says.

Mr. KENNEDY. I am thinking of all of the circumstances in this case, the fact that there is this letter and those peculiarities in the letter, the fact that you had the \$200 under slightly unusual circumstances, and continued to get it and never did any work. It seems a little strange that it didn't arouse your suspicion over a period of 5 years. I just don't understand why you would not at least make a telephone call to Mr. Dorn and say, "I have been on your payroll for 4 years now; do you want me to do anything?"

Mr. COMMUNALE. That was the thing that I spoke to you about the other day. I believe Mr. Ciccarelli had been in contact with some representative of Dorn or contact with someone, and the letter dated August 10, I believe it is, was preceded by another letter, because I found among Mr. Ciccarelli's effects a postmarked letter bearing date of July.

Mr. KENNEDY. I am not questioning the fact that Mr. Ciccarelli is the one who suggested this, or that Ciccarelli made the arrangements. I think that Ciccarelli's background and the fact he was a disbarred attorney, and that you later found out he was embezzling your own money and your clients' money, would have been a red flag to you. I am not questioning that at all. I am just saying that all of the circumstances that surrounded this, it would seem to me, would have aroused your suspicion.

Mr. COMMUNALE. Mr. Kennery, I have tried to answer your questions truthfully to the best of my ability, and I am going to say that I thank you for the consideration and your discretion in this matter.

The CHAIRMAN. We thank you, sir. I appreciate it when a witness comes before this committee and tries to be frank and tries to answer the questions. It is helpful to us, and we may not always get the full answer or the whole answer and all of the truth, but we certainly need all of the cooperation we can get in order to try to make a record that is truthful and not one that is false.

All right. Thank you.

Mr. COMMUNALE. Thank you very much.

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Now we are going into an entirely different phase of our hearings, one involving some of the contracts that have been negotiated through the central conference of Teamsters by Mr. Hoffa, and we are also going to talk about some of the contracts in the eastern conference of Teamsters.

There has been a statement made that the corruption that exists in the hierarchy of the Teamsters is unimportant because of the fine high contracts that Mr. Hoffa and some of his chief lieutenants negotiated. We are going to determine or try to determine during the next 2 days whether the contracts that have been negotiated by Mr. Hoffa are in fact the highest contracts in the International Brotherhood of Teamsters, or whether in fact there have been contracts in other sections of the country that are superior to the contracts that have been negotiated by Mr. Hoffa in his own bailiwick.

In that connection, we will have a number of witnesses, including a number of Teamster union officials throughout the country who have been negotiating contracts for a number of years.

But I would like first to call Mr. Joseph Adelizzi, Mr. Chairman, who will give the situation in New York City.

The CHAIRMAN. Do you solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. ADELIZZI. I do.

TESTIMONY OF JOSEPH ADELIZZI

The CHAIRMAN. State your name, your place of residence, and your business or occupation, please.

Mr. ADELIZZI. My name is Joseph M. Adelizzi, and I live in Greenwich, Conn., 203 Henry Avenue, and I am the managing director of the Empire State Highway Transportation Association, 24 East 33d Street, New York City.

Mr. KENNEDY. You are director of the Empire State Trucking Association?

Mr. ADELIZZI. That is correct.

Mr. KENNEDY. What does the Empire State Trucking Association comprise?

Mr. ADELIZZI. It has a membership of motor carriers, both private and for hire, operating both locally in New York City, and in New York State, and into New York State from various cities throughout the country.

Mr. KENNEDY. Now, Mr. Adelizzi, how long have you been in the trucking business yourself?

Mr. ADELIZZI. I have been in this field of labor-management relations for 25 or more years.

Mr. KENNEDY. Now let me ask you this: Let me get some explanation of some terms that we will be discussing today.

What are the conferences, for instance, in the Teamsters Union? There is an eastern conference and central conference, and the western conference.

Would you explain just briefly what the conferences are?

Mr. ADELIZZI. The Teamsters have divided the country into regions and called them conferences, and set up conferences in each region. The eastern conference covers the area around New York, and the territory adjacent thereto.

The central conference, or the central States conference, covers the middle portion of our country.

The western conference covers the Mountain States and the Pacific coast States.

Mr. KENNEDY. Then there is the southern conference?

Mr. ADELIZZI. Yes; that covers the Southern States.

Mr. KENNEDY. And the southern conference has been under the control of Mr. Hoffa and also the Central States.

Mr. Miller has been the director, but he has been under the direction of Mr. Hoffa?

Mr. ADELIZZI. He certainly has been very active in it.

Mr. MILLER. What is "truckaway" or "driveaway"? What is meant by that?

Mr. ADELIZZI. We have the automobile haulers who haul the cars, automobiles directly from assembly plants to the points of distribution.

The driveaways are drivers who literally drive the trucks or cars away from the points of manufacture or assembly, to the points of distribution.

Mr. KENNEDY. And there is a contract that is negotiated covering the truckaway-driveaway?

Mr. ADELIZZI. Yes, sir.

The CHAIRMAN. What is the difference between truckaway and driveaway? Truckaway is where you load four or five cars on a big truck and deliver them, from the plant; is that correct?

Mr. ADELIZZI. That is correct.

The CHAIRMAN. What is a driveaway?

Mr. ADELIZZI. Just what the term implies. The driver drives a car.

The CHAIRMAN. Whoever drives a truckaway is a driveaway; is that right?

Mr. ADELIZZI. We have the automobile haulers, and you have seen them on the highways, where they have three or four cars loaded on the truck.

The CHAIRMAN. What is that, a truckaway, or a driveaway?

Mr. ADELIZZI. We call them automobile transport drivers, or automobile haulers.

The CHAIRMAN. I want to relate them to these two words.

Mr. ADELIZZI. The driveaway is where a person gets into a car and literally drives the car.

The CHAIRMAN. Where he just comes and he buys a car or he takes one car and he delivers it?

Mr. ADELIZZI. That is right.

The CHAIRMAN. That is a driveaway.

Mr. ADELIZZI. That is right. In the case of a truck he might drive two trucks, and he might take two trucks at a time, and he might drive the one and carry the other one or tow the other second truck.

Mr. KENNEDY. And there is a national driveaway and truckaway contract; is there not?

Mr. ADELIZZI. I understand that there is.

Mr. KENNEDY. And the head of the national truckaway-driveaway conference is Mr. Hoffa?

Mr. ADELIZZI. That I also understand to be so.

Mr. KENNEDY. Actually, up until the last 3 years, the national truckaway-driveaway has comprised for the most part just the central conference of Teamsters?

Mr. ADELIZZI. That is correct.

(Members of the select committee present at this point in the proceedings: Senators McClellan and Goldwater.)

Mr. KENNEDY. And since 1955, I believe, there has been an effort to come also into the eastern section of the United States?

Mr. ADELIZZI. That is also true.

Mr. KENNEDY. So although it is called national, it comprises mostly the central conference of Teamsters.

Mr. ADELIZZI. With the one exception in the East, where they have had a separate union.

Mr. KENNEDY. Over-the-road drivers are drivers that drive from one city to another, as a general proposition?

Mr. ADELIZZI. Over-the-road drivers are intercity drivers who operate primarily between terminals as contrasted with the local drivers who pick up and deliver.

Mr. KENNEDY. They are called cartage drivers?

Mr. ADELIZZI. The cartage drivers are the so-called local drivers. I think the local drivers is a more popular term.

Mr. KENNEDY. What does your Empire State Trucking Association deal with for the most part?

Mr. ADELIZZI. We deal with all types of drivers.

Mr. KENNEDY. And is this the trucking in the northeastern section of the country? What is your jurisdiction?

Mr. ADELIZZI. The association jurisdiction is in New York State. But we are interested in trucks that come from outside the State because of their activity in New York City or New York State.

Mr. KENNEDY. But you are familiar, are you not, with the trucking situation generally in the Eastern section of the country as well?

Mr. ADELIZZI. I am most familiar with that area; yes.

Mr. KENNEDY. Are the contracts that exist in the Eastern section of the United States, as far as the Teamsters are concerned, higher than the contracts of the central conference of Teamsters?

Mr. ADELIZZI. I would say generally so, and over a long period of time.

Mr. KENNEDY. The contracts that have been negotiated by the Teamsters in the East have been higher than the contracts that are in existence and have been negotiated by the Teamsters in the central conference?

Mr. ADELIZZI. Just generally so, yes.

The CHAIRMAN. What do you mean "higher"? Higher wages?

Mr. ADELIZZI. Well, higher measured by labor costs. The total labor cost.

The CHAIRMAN. That would include higher wages or longer working hours, or both?

Mr. ADELIZZI. It is difficult to make direct comparisons unless you are comparing like things, and because classifications of employment differ, it seems to me that in order to get a true comparison, you have to speak in terms of labor cost, which includes wages, the fringe benefits—

The CHAIRMAN. Let's start with that. You say labor cost is higher in the eastern conference than it is in the central?

Mr. ADELIZZI. I would say generally, yes.

Senator GOLDWATER. Would that be true in the case of over-the-road drivers?

Mr. ADELIZZI. Well, it would be particularly true if you compared New England, let us say, with the Central States. It is difficult to compare the New York area with the Central States as far as over-the-road drivers are concerned, because those New York contracts don't generally govern road drivers. They govern primarily the local drivers. The road drivers are governed by union contracts outside of New York City or outside of the New York area. The only representation of road drivers in the New York area is incidental rather than general.

Senator GOLDWATER. Would there be more over-the-road drivers in the eastern conference than in the central conference?

Mr. ADELIZZI. The number in the central conference would be many times greater.

Senator GOLDWATER. In that particular category?

Mr. ADELIZZI. Yes.

Senator GOLDWATER. Now we get into cartage types of drivers. There would be more of those, am I correct in assuming there would be more of those in the eastern conference than in the central conference?

Mr. ADELIZZI. Yes; that would be so.

Senator GOLDWATER. So if we are going to talk about a comparison of wage rates we have to talk about specifics. We have to talk about over-the-road or cartage or the other?

Mr. ADELIZZI. That is correct. Otherwise, your comparison is faulty.

Senator GOLDWATER. Would you say, averaging over-the-road, cartage, and all the others, that the eastern conference has a better hourly rate than the central conference?

Mr. ADELIZZI. I think we ought to dispel the belief that eastern conference governs wage costs in the East. That isn't so at all. The eastern conference, as far as the New York area is concerned, has just barely made its influence felt. It is not general in its coverage of the eastern seaboard.

In fact, the eastern conference at the moment has no more than four or five unions that are parties to their contract.

Senator GOLDWATER. Your contracts are not made by the conference; they are made by the locals?

Mr. ADELIZZI. Made by both. They are individual negotiations with the locals and group negotiations with the conference, the Teamsters conference, which included, the last time, about five unions, five local unions.

Senator GOLDWATER. Does that hold true in the central and western conferences, too?

Mr. ADELIZZI. I understand that most, if not all, of the local unions participate in the Central States conference.

Senator GOLDWATER. Most of the contracts are negotiated by locals in the central and western conferences?

Mr. ADELIZZI. No; my understanding is they are negotiated by an area committee or a conference committee.

Senator GOLDWATER. We could assume, then, by that statement, that in the central conference, and we will exclude the western conference for the time being, that the locals do not participate as freely in contracts as they do in the eastern conference.

Mr. ADELIZZI. My understanding is that in the central conference the locals don't participate at all, except as represented on a conference or areawide committee. But that is just the opposite, as you point out, in the East. There the negotiations are, for the present at least, on an individual basis, with one exception.

Mr. KENNEDY. Would you say, then, that the benefits to the employee, the individual truckdriver, are greater in the area covered by the eastern conference of Teamsters than the benefits to the employee in the central conference of Teamsters?

Mr. ADELIZZI. I would say generally, yes.

Senator GOLDWATER. Do benefits include wages—

Mr. KENNEDY. Wages, hours, conditions, holidays.

For instance, we have some comparisons. For instance, in local 299 of the Teamsters, Mr. Hoffa's local, they pay an hourly rate of \$2.53; local 701, which is here in the East—is that correct?

Mr. ADELIZZI. They are in central New Jersey.

Mr. KENNEDY. They pay \$2.65 an hour.

Senator GOLDWATER. Is that for the same type of work, long-range hauling, over-the-road hauling, or is it cartage?

Mr. KENNEDY. It is the same.

Senator GOLDWATER. Identical types of work?

Mr. KENNEDY. That is correct. There are a lot of fringe benefits, the holidays, the vacation. There is no overtime in the central conference of Teamsters.

Is that correct?

Mr. ADELIZZI. There would be on the local drivers.

Mr. KENNEDY. Over-the-road there is none?

Mr. ADELIZZI. There is none.

Mr. KENNEDY. Although there is some overtime in some of the eastern locals. But taking everything into consideration, a member of the Teamsters Union in the eastern part of the United States gets paid more than the union member in the central conference of Teamsters. We will go into some details about it.

The CHAIRMAN. In other words, what we are saying is that over in the eastern conference, the package for the worker has more in it than the package for the worker in the central conference?

Mr. ADELIZZI. Yes. That has been traditionally so. At one time, going back 20 years ago, the differentials were much greater, but over the years the New York area, more particularly local 807, which has become a byword in Teamster circles, has been the pattern which these other unions have set up as a target. Over the years the differentials have gradually narrowed.

But generally speaking, even today the locals in the New York area, New York-north Jersey area, receive, or their members receive, greater benefits than do the locals or the numbers of locals in the central States.

Mr. KENNEDY. Let me get down to specifics with you and what occurred during 1954 when Mr. Hoffa came into the negotiations that were being conducted between the Teamsters and the truckers in New York.

The contract negotiations took place in 1954, is that correct, and were you one of those who was conducting the negotiations?

Mr. ADELIZZI. I chairmaned the employers committee of about 25 people.

Mr. KENNEDY. Who was the chief negotiator on the other side?

Mr. ADELIZZI. Thomas Hickey.

Mr. KENNEDY. Of local 807?

Mr. ADELIZZI. Well, he was then an international officer. He was an organizer for the international union.

Mr. KENNEDY. The other union principals were John O'Rourke and John Conlin; is that correct?

Mr. ADELIZZI. They were very prominent in the negotiations.

Mr. KENNEDY. At that time, did the truckowners hope to settle the contract for from 10 to 15 cents an hour increase in wages?

Mr. ADELIZZI. That was set up by the employers committee as the top offer that we would make to the union for a new contract.

Mr. KENNEDY. Did the negotiations break down? Was Mr. Hickey trying to obtain 25 cents an hour?

Mr. ADELIZZI. Well, may I give you a little background on that so that the committee may better understand what I may say later?

Mr. KENNEDY. Yes.

Mr. ADELIZZI. In 1954, or, rather, in 1948, we attempted negotiations on an areawide basis in order to improve the competitive position of the employers, and amazingly enough we negotiated a settlement with a group of 12 or 13 local unions. But 807, a local which has plagued us over many years, the membership of that union refused to ratify the settlement, and as a consequence a strike followed and the settlement reached with this areawide group fell and the settlement became based on the settlement made by 807.

So for a period of 6 years, between 1948 and 1954, negotiations went back on an individual basis, with the exception of Hudson County, where the three unions there, 560, 617, and 641, located in Hoboken and Jersey City, had traditionally negotiated together.

In 1954, at the suggestion of Hickey, we agreed to explore again the efficacy of areawide negotiations, and proceeded to set up bargaining committees to represent the area, Hickey for the unions and I for the employers.

In the course of time, negotiations got underway. It wasn't long before we found that there was very little hope of any settlement because of political differences, political rivalries, between the members of the union negotiating committee, with Hickey on one hand, and O'Rourke and Conlin presumably on the other.

In the course of time, it leaked out from the union committee that the minimum that we would have to pay for a settlement would be a package of 25 cents.

That figure, that minimum, was adopted by the international union in the person of Dave Beck, and since management was unwilling to pay that price, a stalemate or impasse was reached. It was at that point that Bent sent Hoffa into the area with a committee of vice presidents to lend whatever assistance they could to this stalemate situation.

Mr. KENNEDY. When he came in, did he make an approach to you that he could get the contracts signed for a lesser amount than the 25 cents?

Mr. ADELIZZI. Well, several weeks before he came in, we received word from the West, from the Central States, that a settlement could be made on the basis of 18 cents for 1 year, and 7 cents for the second year.

When Hoffa came in, shortly after he came in, at the behest of a citizens committee, which was named by the mayor of New York, I was approached on the proposition of 18 and 7.

Mr. KENNEDY. By whom were you approached?

Mr. ADELIZZI. Well, the offer came from Hoffa directed to me.

Mr. KENNEDY. Had you understood he had made arrangements with the central conference, with the truckers in the central conference, to sign a contract for the 18 and 7?

Mr. ADELIZZI. Our understanding was, and it came from the employers in the Central States, that such an agreement would be acceptable to Hoffa.

Mr. KENNEDY. Would you tell the committee what conversation you had with Hoffa at that time?

Mr. ADELIZZI. I found myself closeted with Hoffa and the chairman of the citizens committee that I mentioned, a Mrs. Rosenberg—

The CHAIRMAN. Found yourself what?

Mr. KENNEDY. In conference.

Mr. ADELIZZI. The three of us were alone. Mrs. Rosenberg was endeavoring to find some common meeting ground by which this threatened strike could be avoided.

This offer of 18 and 7 was made by Hoffa, and I reported that that was nothing new, that we had had that for several weeks. Mrs. Rosenberg turned to Hoffa and said that in the light of that, he ought to come up with something different, something new, whereupon he said, "Very well, we will make the offer 17 and 8."

I was asked whether I would recommend such a settlement to the employers committee, and when I said that I wouldn't, because I didn't think it was justified, Mrs. Rosenberg remarked that if I wouldn't recommend it, then the chances of it being adopted by the employers committee was rather poor.

Hoffa made the same observation.

Whereupon, I asked Hoffa by what authority he made such an offer, because up to this point the minimum offer we had been getting from the union committee was 25 cents, and that was the minimum that Beck had established on the international level, the level of the international union. Hoffa replied that he didn't have the authority.

The CHAIRMAN. He did not have?

Mr. ADELIZZI. He did not have it.

But he was quite confident he could persuade Dave Beck to endorse it and to have the union committee approve it; whereupon I suggested that before we go any further, that he get authority to make such an offer. The fact of the matter is that he never did get the authority from the committee, the union committee, because of the resistance or refusal of Hickey and local 807 to support it.

When that union wouldn't support it, the others wouldn't either.

Mr. KENNEDY. Isn't it a fact that if you had pursued the matter—well, ultimately you had to settle for 25 cents; is that correct?

Mr. ADELIZZI. Ultimately, 807 withdrew from the committee, and they set up a campaign of divide and conquer. They forced the employers they had contracts with to sign on the basis of 25 cents, and that became the pattern for the whole area.

Mr. KENNEDY. So ultimately you all had to capitulate and sign for 25 cents?

Mr. ADELIZZI. That is right.

Mr. KENNEDY. If you had gone along on the 17 and 8 or the 18 and 7, it would have been, obviously, more profitable for the truck owners, more beneficial for the truck owners?

Mr. ADELIZZI. It would have been a cheaper settlement, sir.

Mr. KENNEDY. What was the reason that the truck owners and yourself felt that you would not go along with the 17 and 8 or 18 and 7 at that time?

Mr. ADELIZZI. Well, in 1954, in light of the circumstances that were present, there was a strong suspicion on the part of some of the unions in New York City and some of the employers that a move was afoot to take over control of the labor situation in New York, the New York-North Jersey area, and we were rather reluctant to surrender control to some forces from the Midwest, so to speak.

Mr. KENNEDY. Did you feel that this coming in from the outside and offering a better contract for the employers, the 18 and 7 was an effort to undermine the activities of Mr. Tom Hickey of local 807?

Mr. ADELIZZI. It had all the appearances of doing just that.

Mr. KENNEDY. Was it also felt by you and by some of your colleagues that if you signed up on this basis, even though it would be more profitable to you, it would be, in fact, turning over the trucking business and the trucking industry in New York to the underworld or the mob?

Mr. ADELIZZI. There was a strong suspicion of that, a strong fear of that.

Mr. KENNEDY. Isn't that, in fact, the reason why you wouldn't sign and undermine Hickey, that although you had your difficulties and problems with Mr. Hickey, at least it has always been felt that he was an honest Teamster official, and that although you might make a temporary deal which would be profitable to you momentarily, in the long run this would be, in fact, turning over the control of the whole trucking industry in New York?

Mr. ADELIZZI. For that reason we came to the support of Hickey and the leadership of 807.

Mr. KENNEDY. Did you find for specifics, as far as the gangsters taking over was concerned, that Mr. Johnny—was Johnny Dioguardi present in discussions? Was Mr. Johnny Dioguardi contacting or in contact with Mr. Hoffa during this period of time?

Mr. ADELIZZI. That I don't know, except what the papers reported.

Mr. KENNEDY. Was he outside—

Mr. ADELIZZI. He was in the hallways in the hotels, wherever we were meeting.

Mr. KENNEDY. Did you understand Mr. Phil Weiss was there also?

Mr. ADELIZZI. Yes. They were both together.

Mr. KENNEDY. As a matter of fact, didn't one of the representatives of your companies have an approach at a later time that the terms of the contract could be alleviated if the insurance was given to somebody of Mr. Phil Weiss' choosing?

Mr. ADELIZZI. Yes. I think your committee has had testimony on this.

Mr. KENNEDY. Would you outline what it was?

Mr. ADELIZZI. I was approached by one of our members who had been approached by some friend of his, with a proposition that this unsatisfactory settlement, if that is the term, of 25 cents, could be amended under certain conditions, one of which was to agree to buy our welfare insurance from the proper agency.

The CHAIRMAN. Was that agency identified?

Mr. ADELIZZI. No, except as to location. My impression is that the agency was located in Chicago. In any event, in order to test out just what was behind this, I suggested to this member of ours that he manifest an interest, whereupon it was suggested that we name a representative to meet with these people, to explore the situation. We made the mistake of suggesting an honest man as a representative.

The CHAIRMAN. Suggesting who?

Mr. ADELIZZI. When they saw him, they just wouldn't talk and the thing fell through.

Mr. KENNEDY. Actually, you suggested Mr. Hugh Sheridan.

Mr. ADELIZZI. That is right. That was a bad choice.

Mr. KENNEDY. You described him, "He is so upright, he squeaks when he walks."

Mr. ADELIZZI. That is correct. We just weren't thinking when we suggested that he represent us in these discussions.

Mr. KENNEDY. The approach was made through Phil Weiss, was it not?

Mr. ADELIZZI. That is correct.

Mr. KENNEDY. And he held the conversations?

Mr. ADELIZZI. He was the one that met Sheridan, but they did no business.

Mr. KENNEDY. They ultimately refused to talk. We had some testimony by Mr. Genzer, to whom the approach was made by Phil Weiss, before the committee a year or so ago, Mr. Chairman.

Mr. ADELIZZI. That is right.

Mr. KENNEDY. At the time that Mr. Hoffa came in, did he also bring in some of the Midwestern carriers?

Mr. ADELIZZI. I wouldn't know that, but they were here, they were present. I understand that they were in the hallways in the hotel that Hoffa stayed at. There were negotiations going on all over the city, apparently, with everybody except the committees that were charged with the responsibility of negotiating.

Mr. KENNEDY. Specifically, was Frank Blunden there?

Mr. ADELIZZI. I understand he was present.

Mr. KENNEDY. What was his company?

Mr. ADELIZZI. Kramer Motor Lines, I believe, from Detroit.

Mr. KENNEDY. Kramer Bros.?

Mr. ADELIZZI. Kramer Bros.

Mr. KENNEDY. Does it amount to, in fact, a penalty to try to do business with an honest union official, such as Mr. Hickey?

Mr. ADELIZZI. Sure. It costs us money to do business with Hickey.

Mr. KENNEDY. Would it be much easier to do business with somebody like Johnny Dioguardi?

Mr. ADELIZZI. I haven't done any business with him, so I can't speak with direct experience. But I understand, based on what I have heard and what I have read, that it is much cheaper to do business with people like that than it is with Hickey, or any of these people who try to conduct an honest union.

Mr. KENNEDY. That is basically the reason that you wouldn't go along with Mr. Hoffa at that time?

Mr. ADELIZZI. Well, I can't say that, beyond what I have said, that we didn't like the entry into the New York picture of Hoffa and his people in 1954.

Mr. KENNEDY. We have an affidavit here from Mr. John Strong, Mr. Chairman. We expected him to be a witness. He is president of local 807, but they are in the midst of a strike at the present time, and he was unable to come. We had also expected Mr. Tom Hickey to be a witness, but he has had his leg amputated and is unable to travel, and so he could not come either.

The CHAIRMAN. You may introduce the affidavit.

Mr. KENNEDY. Could we read it into the record?

The CHAIRMAN. Read the pertinent parts, and it may be printed in the record in full.

Mr. SALINGER. This is the affidavit of John Strong.

(The affidavit referred to follows:)

STATE OF NEW YORK,

County of New York, ss:

I, John Strong, of New York City, make the following voluntary affidavit to Pierre Salinger, who has identified himself to me as an investigator of the U.S. Senate Select Committee on Improper Activities in the Labor-Management Field.

I am president of Local 807, International Brotherhood of Teamsters, New York City. In 1954, areawide negotiations were held with truck owners to cover a number of locals in the New York and New Jersey areas. Thomas Hickey, secretary-treasurer of local 807, was the cochairman of the union negotiating committee.

Our committee had determined to hold out for a 25-cent increase and a 2-year contract. John O'Rourke, who is now the president of joint council 16 and who was then a member of the negotiating committee, got in touch with Dave Beck, general president of the International Brotherhood of Teamsters, to find out if a strike was necessary, whether the members of the union would get strike benefits.

O'Rourke told me that Beck gave sanction to a strike calling for 25 cents an hour increase. After two extensions, one for 30 days and one for 15 days, the negotiations became badly deadlocked. General president Beck sent a group of international vice presidents to assist in negotiations.

These included James R. Hoffa, Sidney Brennan, Einar Mohn, John T. O'Brien, and Joe Diviny. After the arrival of this committee, Tom Hickey and I went to the New Yorker Hotel where Hoffa and the other vice presidents were staying. Before we got out of the lobby, we heard rumors that a deal was being set to settle the negotiations. We heard that this deal included a 2-year package—a 17 cents increase in the first year and 8 cents in the second year.

Although I did not get this information directly, it was my information that because of the negotiations coming in the Central States area, Hoffa and the big midwestern carriers had already agreed to a package of 17 and 8 and that an effort was being made to see that the areawide committee of New York and New Jersey affiliated with the Eastern Conference of Teamsters conformed to this pattern.

Soon after Mr. Hoffa came to town, Thomas Hickey was replaced as chairman of the negotiating committee by John O'Rourke. At that time I resigned as recording secretary of the negotiating committee.

A meeting was held at which 15 members of the local 807 wage scale committee were present and Hoffa was there also. I called Hoffa over and told him that Beck had OK'd a quarter and asked Hoffa whether he had any objection to our signing up the employers for a quarter.

Hoffa said he had no objection—"Go ahead." I then said that our people would begin signing them up for 25 cents and hour. Within a couple of days, on October 15, at the Hotel Statler, Hoffa discussed a settlement on the basis of 18 and 7.

Our local would have nothing to do with that and following this we signed up the employers for 25 cents. This action by local 807 set the pattern for a final settlement of 25 cents minimum for all locals involved in negotiations.

Following the 1954 negotiations, a strong effort was made to defeat Tom Hickey and me in our local union.

I have read the above statement and believe it to be the truth to the best of my knowledge.

JOHN E. STRONG.

Sworn to before me this 6th day of July 1959.

JOHN J. MANSFIELD,

Notary Public, State of New York.

No. 24-7703110, qualified in Kings County, cert. filed in New York County, term expires March 30, 1960.

Mr. KENNEDY. That is, of course, extremely important, that they had negotiated a lesser contract in the central conference of Teamsters

and it would have been embarrassing if the unions in the East had received a higher package deal, and so it was to Mr. Hoffa's interest to negotiate a contract that did not increase the benefits of the employees more in the East than he had been able to obtain in the central conference.

The CHAIRMAN. Why did you say you didn't accept Hoffa's offer? When he offered to give you a contract of 17 and 8, why didn't you take it? That would be cheaper at least for the first year.

Mr. ADELIZZI. He wanted to buy it for 10 to 12½ cents.

The CHAIRMAN. Did you have the opportunity to take Hoffa's offer or the 25-cent package?

Mr. ADELIZZI. Hoffa's offer was never formalized.

The CHAIRMAN. So you never had a chance actually to take it?

Mr. ADELIZZI. That is right.

The CHAIRMAN. It was just discussed.

Mr. ADELIZZI. It was never submitted to our committee because Hoffa never got the authority to make it.

The CHAIRMAN. But he was trying to get authority to make it?

Mr. ADELIZZI. That is correct.

The CHAIRMAN. He offered it provided he could get the authority.

Mr. ADELIZZI. We offered it and when I challenged it, he didn't have the authority.

The CHAIRMAN. But he was willing, as far as his negotiation authority was concerned, to throw that out as a possible offer or basis of settlement?

Mr. ADELIZZI. That is correct.

Mr. KENNEDY. Did the same kind of situation arise later in 1955 or 1956 in the negotiations?

Mr. ADELIZZI. Well, in 1956 we were plagued with the creation of a rival employer bargaining unit. Some of these carriers from the Midwest, you mentioned Blunden, and he chaired the committee. They came into the New York area and set up a committee apart from the one that had traditionally negotiated the contracts with these unions, with the result that we had at least two different sets of negotiations in 1956.

This Blunden committee was on the one hand, and the committee with which I was associated was on the other. Now, because of this threat in 1954, and when I talk about threat I am referring particularly to 807, because while 807 over the years had achieved rather a notorious reputation, at that time from 1948 on, the leadership of 807 has acquired character and some stability and we were quite pleased with our relationship.

As I say, the threat of 807 being taken over, so to speak, in 1954, was such that in 1956 we did what we could to guard against any further exposure such as had existed in 1954. At that time, we negotiated apart from the eastern conference, we negotiated a contract that was with 807 alone and we did it early enough so as to be able to use that contract as sort of an anchor or a pattern for the rest of the areas.

It developed that while the Blunden committee, so to speak, negotiated a settlement with these locals in Hudson County, 566, 517, and 641, and one or two locals in Yonkers, that is, 445, and one local in New York, 816—all of the other locals negotiated separate agree-

ments, but the pattern which came out of the 807 settlement governed almost exactly all of these agreements, with the exception that these locals in the eastern conference compelled a differential of 2 cents an hour merely to demonstrate that they could outdo the negotiators of the 807 agreement.

Mr. KENNEDY. This was an effort in 1954, then, and then again in 1956, to destroy the effect of local 807?

Mr. ADELIZZI. I would think so.

Mr. KENNEDY. And in 1954, when the offer was made by Mr. Hoffa regarding the 18 cents and the 7 cents, as I understand your testimony, although you felt that he did not have the authorization to make the offer it was also felt, and there were discussions among the truckers, that if you pursued the matter with Mr. Hoffa and ignored local 807, you could obtain a contract for 18 and 7 and thus bypass local 807; is that correct?

Mr. ADELIZZI. That is correct.

Mr. KENNEDY. And, therefore, that would mean, in 1954, the virtual destruction of Tom Hickey and local 807 as a practical, strong force in New York City.

Mr. ADELIZZI. It could have that result certainly.

Mr. KENNEDY. And so that determination had to be made at that juncture, and the basis of your determination to go along with 807, although it cost you money temporarily, was that you felt at that time that if you made this contract and took the bait that was being offered to you, the underworld or the mob would come in and take over the trucking in that area?

Mr. ADELIZZI. That is correct.

Mr. KENNEDY. I might say again, Mr. Chairman, that Mr. Adelizzi has the finest of reputations in the New York area, and he has had for a considerable amount of time. He is known as a tough negotiator, but always had the finest reputation among the union officials, as well as among the management.

Senator GOLDWATER. This is the Empire State Trucking Association, an association of truck lines; is that correct?

Mr. KENNEDY. That is correct; the employers.

The CHAIRMAN. Is there anything further?

Thank you very much.

We will take about a 2-minute recess.

Mr. KENNEDY. I might say for the record that the Phil Weiss we are discussing is the same Phil Weiss that has appeared before the committee and taken the fifth amendment. He was involved in labor racketeering and has been identified before the committee as one of the most notorious labor racketeers in the United States.

The CHAIRMAN. We will recess for a few minutes.

(A brief recess was taken.)

(At the expiration of the recess, the following members of the Select Committee were present: Senators McClellan and Goldwater.)

The CHAIRMAN. The committee will come to order.

Call the next witness.

Mr. KENNEDY. That is one phase of this, Mr. Chairman. Now I would like to call Mr. Carney Matheson.

The CHAIRMAN. Be sworn, sir.

You do solemnly swear the evidence you shall give before this Senate Select Committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. MATHESON. I do.

TESTIMONY OF CARNEY D. MATHESON

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. MATHESON. My name is Carney D. Matheson. I live in Bloomfield Hills, Mich. My occupation is attorney.

The CHAIRMAN. I assume you waive counsel?

Mr. MATHESON. I waive counsel, sir.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Matheson, you are the senior partner in Matheson, Dixon & Brady?

Mr. MATHESON. That is correct.

Mr. KENNEDY. You are general counsel of the Michigan Motor Carriers Employers Association?

Mr. MATHESON. For the labor division; that is correct.

Mr. KENNEDY. And the counsel for the National Automobile Transporters Association; is that right?

Mr. MATHESON. I am counsel and chairman of that association.

Mr. KENNEDY. And you have been associated in the negotiation of motor carrier contracts for employers for the past 25 years?

Mr. MATHESON. That is correct.

Mr. KENNEDY. A good deal of the negotiating that you have conducted has been with Mr. Hoffa representing the Teamsters Union?

Mr. MATHESON. That is true; in our territory.

Mr. KENNEDY. In 1954 were you brought into the eastern section of the United States, Mr. Matheson?

Mr. MATHESON. Yes.

Mr. KENNEDY. By whom were you brought it?

Mr. MATHESON. Anchor Motor Freight.

Mr. KENNEDY. Where are they from?

Mr. MATHESON. Their headquarters are in Cleveland, Ohio. They haul automobiles out of the General Motors assembly plants in the eastern seaboard, I think five in number, and later Anchor was joined by the Ford carrier who hauls out of Ford assembly plants, four in number, and then in the last 2 years the new Chrysler plant at Newark also joined the group.

Mr. KENNEDY. They hired you to represent them in the negotiations with the eastern locals; is that correct?

Mr. MATHESON. They had formed the eastern conference consisting of all automobile carriers of nine assembly plant operators.

Mr. KENNEDY. That would be the truckaway?

Mr. MATHESON. The truckaway, and they also called it the truckaway and driveaway, Mr. Kennedy, but there is very little driveaway on the eastern seaboard.

Mr. KENNEDY. So a truckaway-driveaway conference had been formed in the east, and Anchor Motor Freight requested you to conduct the negotiations on their behalf?

Mr. MATHESON. That is correct.

MR. KENNEDY. Prior to that time you had negotiated the contract with the Central States, the national truckaway-driveaway contract?

MR. MATHESON. I was in the negotiation of the national contract since its inception.

MR. KENNEDY. The national truckaway-driveaway is headed by Mr. Hoffa, himself, of the Teamsters Union?

MR. MATHESON. Originally Mr. Hoffa came through the ranks of the automobile division.

MR. KENNEDY. And he headed up the negotiating team for the Teamsters in the central conference of Teamsters?

MR. MATHESON. He is chairman of their negotiating committee with his committee.

MR. KENNEDY. So you were brought in. Do you know if Mr. Hoffa suggested to Anchor Motor Freight or to any other company that they use your services?

MR. MATHESON. He did not, sir. After the formation of the eastern conference on the eastern seaboard, as I understand it, the carriers thought that they should have a separate division of automobile carriers, because both their problems and contracts are different, and as I understand it, that is why they called me in to negotiate for them as automobile haulers.

MR. KENNEDY. Mr. O'Neill is here, is he not?

MR. MATHESON. Yes.

MR. KENNEDY. He is from Anchor Motor Freight. Maybe we can get to him also at the same time. You are representing Mr. O'Neill, are you?

MR. MATHESON. Yes, I am, sir.

THE CHAIRMAN. You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

MR. O'NEILL. I do.

TESTIMONY OF PATRICK J. O'NEILL, ACCOMPANIED BY COUNSEL, CARNEY D. MATHESON

THE CHAIRMAN. State your name, your place of residence, and your business or occupation.

MR. O'NEILL. My name is Patrick J. O'Neill. My place of business and home is Cleveland, Ohio. My occupation is I am the assistant to the president of Anchor Motor Freight.

THE CHAIRMAN. Anchor?

MR. O'NEILL. Motor Freight, New York corporation, and Anchor Motor Freight, Inc., of Delaware, and Anchor Motor Freight, Inc., of Michigan.

THE CHAIRMAN. Proceed.

MR. KENNEDY. Who is the president of Anchor Motor Freight?

MR. O'NEILL. Mr. H. M. O'Neill.

MR. KENNEDY. What relation is he?

MR. O'NEILL. He is my father.

MR. KENNEDY. It is a family owned company, is it, Anchor Motor Freight?

MR. O'NEILL. Essentially; yes, sir.

MR. KENNEDY. For the most part it is family owned?

Mr. O'NEILL. Yes, sir.

Mr. KENNEDY. Mr. Matheson and I were discussing this. I was asking him how he happened to be brought into these negotiations in the East. I would like to ask you the same question.

Did Mr. Hoffa suggest that Mr. Matheson be brought in to help in the negotiations of the contract here in the East?

Mr. O'NEILL. No, sir.

Mr. KENNEDY. Did you have any conversations with Mr. Hoffa in connection with that?

Mr. O'NEILL. No, sir.

Mr. KENNEDY. You conducted the negotiations, did you, on behalf of Anchor Motor Freight?

Mr. MATHESON. No, sir. The negotiations were actually conducted by a committee which I chaired.

Mr. KENNEDY. Did you represent anyone other than Anchor Motor Freight?

Mr. MATHESON. Yes. Anchor Motor Freight; the Nu-Car Carriers. They haul Fords out of some of the assembly plants on the eastern seaboard. They also own the company called University Overland Express. And there was another automobile conveying company hauling Fords now out of the new Mahwah plant.

Mr. KENNEDY. The negotiations took place in 1955?

Mr. MATHESON. That is correct, in New York City.

Mr. KENNEDY. And ultimately a contract was signed; is that correct?

Mr. MATHESON. That is true.

(At this point Senator Ervin entered the hearing room.)

Mr. KENNEDY. Did you conduct negotiations in 1958 again?

Mr. MATHESON. The last contract?

Mr. KENNEDY. Yes.

Mr. MATHESON. Yes, sir.

Mr. KENNEDY. Did you discuss the terms of the contract or what would appear in the contract in 1955 with Mr. Hoffa?

Mr. MATHESON. No, sir. I sent him some of the mimeographed official demands that were made upon us, and when the contracts were finished I sent him copies. But he had already had copies from the eastern conference.

Mr. KENNEDY. Did you have any discussions with him about the terms of the contract?

Mr. MATHESON. No, sir. The eastern conference, under Mr. Tom Flynn and his committee, negotiated all the terms of the contract.

Mr. KENNEDY. So you didn't have any discussions with him at all in connection with that?

Mr. MATHESON. In the actual negotiations?

Mr. KENNEDY. No. Of the contract.

Mr. MATHESON. No.

Mr. KENNEDY. Mr. O'Neill, did you have any discussions with Mr. Hoffa in connection with this contract?

Mr. O'NEILL. Not until he entered the picture, Mr. Kennedy.

Mr. KENNEDY. When did he enter the picture?

Mr. O'NEILL. As I understand it, late in the negotiations——

Mr. KENNEDY. Was this 1958?

Mr. O'NEILL. Yes, sir.

Mr. KENNEDY. Let's go back to 1955 and dispose of that first. In 1955 did you discuss the contract at all?

Mr. O'NEILL. No, sir.

Mr. KENNEDY. You didn't have any discussions with him about it?

Mr. O'NEILL. No, sir.

Mr. KENNEDY. Then in 1958, did he come into the discussions, in 1958?

Mr. MATHESON. In 1958?

Mr. KENNEDY. Yes.

Mr. MATHESON. After the deadlock was reached and the local unions asked for authority to strike all the assembly plants in the eastern seaboard, he entered into the negotiations and tried to forestall a general strike.

Mr. KENNEDY. Mr. O'Neill, was he able to do that?

Mr. O'NEILL. Yes, sir.

Mr. KENNEDY. Did you achieve generally what you had hoped to at that time? The claims that were being made by the union were turned down at that time?

Mr. O'NEILL. The contract that was accepted by the union was essentially the terms that we had offered.

Incidentally, Mr. Kennedy, the money package was not an issue at the time. The question was the interpretation of the maintenance-of-standards clause. That was the difficulty, as I understood it, at the time, that was deadlocking the negotiations.

(At this point Senator Goldwater withdrew from the hearing room.)

Mr. KENNEDY. When you talk about maintenance of standards, what do you mean by that, Mr. O'Neill?

Mr. O'NEILL. Maintenance of standards to me means that—that is, at least in Teamster contracts—that nothing that they have, that is, that the Teamsters have, will be taken away from them.

Mr. KENNEDY. And that was the big question in 1958, whether some of these Teamster locals were going to lose some of the matters for which they had bargained earlier?

Mr. O'NEILL. Yes, sir. The way that came about was we were—that is, the companies—interested in uniformizing the contracts that we had with the various locals to the greatest extent that we could because our terminals here in the East are physically located in such a way that the drivers from one terminal have daily conversation with the drivers from the others.

We felt that this was creating a certain amount of labor unrest because a driver from one of the terminals would say, "Well, we have this," forgetting that he possibly didn't have something else that was in another package in another local, and the driver understanding. "Gee, they have this; why don't we have it?" We were being whipsawed back and forth, or that is, this is our feeling, by these locals.

Consequently, it was our interest to uniformize these contracts as much as possible.

Mr. KENNEDY. Were you trying to uniformize them not only here in the East, but also with the central conference of Teamsters?

Mr. O'NEILL. That would be our objective, yes, sir, because competitively we would be in a better position, obviously.

MR. KENNEDY. The contracts generally in the central conference of Teamsters are not as high as the contracts in the eastern conference; is that correct?

MR. O'NEILL. I would say, Mr. Kennedy, that our drivers in the East have a greater opportunity to earn—that is, they can earn more dollars in a given period than our drivers that are under the central States conference contract.

MR. KENNEDY. You would agree, Mr. Matheson, that generally the contracts in the eastern section of the country, as far as the truckaway-driveaway, are higher than the contracts in the central conference?

MR. MATHESON. The opportunity, Mr. Kennedy, to earn more money, as he explained, is true, due to the short hauls in the East as compared with the long average hauls in the Middle West.

MR. KENNEDY. Would you say that the contracts generally, as far as the employees, the Teamster members are concerned, are higher here in the East than in the Midwest, as you explained it yesterday?

MR. MATHESON. I think they might be in slight areas, because the so-called over-the-road contracts in the eastern territory are the direct result of what used to be called, and is still called, local cartage short hauls.

In the East, the average haul must be only 75 miles. In the Middle West, the average haul is in excess of 200 miles. It is like comparing apples and oranges. You shouldn't compare them that way.

MR. KENNEDY. Did you request Mr. Hoffa to come into the 1958 negotiations, Mr. Matheson?

MR. MATHESON. Well, it was general knowledge that these negotiations were going on. I think his official entrance into the negotiations was in direct response to a request to strike all the operators on the eastern seaboard.

MR. KENNEDY. Did you suggest or request that he come in and conduct the negotiations?

MR. MATHESON. I don't suggest anything to Mr. Hoffa or the union officials.

MR. KENNEDY. Did you at this particular juncture request that he come in and help in the negotiations?

MR. MATHESON. Well, in our general discussions, I talked to him and I said that the employers were serious, they would take a strike, and this time it wouldn't be just one assembly plant, because of the employers having organized into this organization; that the strike would be in nine assembly plants, and that if we couldn't come together there would be a strike and we would not deviate any further because we simply could not go any further.

MR. KENNEDY. So he came into the negotiations at that time?

MR. MATHESON. He called all the local unions, the business agents, the stewards and their committees, and all the employer committees, and our terminal managers into a huge conference in the union headquarters in Washington.

MR. KENNEDY. So he did enter the negotiations at that time.

MR. MATHESON. Definitely.

MR. KENNEDY. Have you, Mr. Matheson, during your relationship or the time you have known Mr. Hoffa, have you had any financial dealings with him?

Mr. MATHESON. Yes. That has been spread upon the records of the committee a number of times, Mr. Kennedy.

Mr. KENNEDY. Can we get that straightened out now while you are here? It is the first time you have been a witness.

Can you tell us when that started, what financial dealings you have had with Mr. Hoffa?

Mr. MATHESON. If I had known that, I would have brought my files, if you were going to go into that, Mr. Kennedy. I think your files show it. You ask me the questions and I will try to answer it. That way I won't forget anything.

Mr. KENNEDY. Maybe there have been financial dealings that I don't know about.

Mr. MATHESON. I will make this statement: There have been absolutely no financial dealings with Mr. Hoffa other than already appears in your records. You also have all my records so I would have to borrow from you to read some of them.

Mr. KENNEDY. As I understand it, you had a land deal some 10 or 15 years ago, when you bought an interest in some land and Hoffa bought an interest in some land?

Mr. MATHESON. I think it is longer than that, Mr. Kennedy.

Mr. KENNEDY. I don't know. We don't have the records on that.

Mr. MATHESON. Ten or fifteen years ago? Twenty years ago, I believe.

Mr. KENNEDY. What was that about?

Mr. MATHESON. It was a piece of property that a client of mine was interested in, together with Mr. Orrin DeMass, who was liquor commissioner of the State of Michigan at that time, and I think Mr. Hoffa and Mr. Brennan purchased an interest from Mr. DeMass. I also had a small interest in it.

Mr. KENNEDY. How much money was involved in that? How much money did Mr. Hoffa put up in that?

Mr. MATHESON. I don't recall, it has been so long ago, Mr. Kennedy. I understood you had some figures or statements from Mr. Casero on that, who kept all the records and ran the corporation.

Mr. KENNEDY. Then you were in a brewery together, were you, the PML Brewery?

Mr. MATHESON. Yes, sir.

Mr. KENNEDY. What was that?

Mr. MATHESON. That was a brewery enterprise that Mr. Fitzgerald, the union attorney, and a group—they had approximately, when I was asked to take a small investment, about 100 stockholders in Flint, Mich. The brewery was failing and Mr. Fitzgerald asked me if I would take it over and try to reorganize the thing and save it.

Mr. KENNEDY. How much money did you invest in that?

Mr. MATHESON. I originally invested about \$5,000, but I think the total amount went very substantially higher.

Mr. KENNEDY. The total amount was what?

Mr. MATHESON. I say the total amount eventually went very substantially higher.

Mr. KENNEDY. How much was the total amount?

Mr. MATHESON. It ranged in excess of \$50,000, I am sure. I don't have the figures right here.

Mr. KENNEDY. What about Mr. Hoffa; did he invest in that also?

Mr. MATHESON. Yes. Mr. Hoffa invested \$20,000 in it.

Mr. KENNEDY. Where did he obtain the \$20,000?

Mr. MATHESON. I haven't an yidea where he obtained it.

Mr. KENNEDY. Was that the PML or the brewery?

Mr. MATHESON. Well, it was PML that invested in the brewery.

Mr. KENNEDY. Who kept the records of PML?

Mr. MATHESON. There wasn't any records. We just started the PML and when the investigation started we dropped it.

Mr. KENNEDY. What happened to Mr. Hoffa's \$20,000?

Mr. MATHESON. He lost it. Mr. Hoffa lost it with the rest of the 100 stockholders in the brewery.

Mr. KENNEDY. What year was this?

Mr. MATHESON. You have the records. I really don't remember, Mr. Kennedy.

Mr. KENNEDY. Approximately 1952, was it?

Mr. MATHESON. I really don't know. Your records would show it. The company went into bankruptcy, I believe, or rather, the——

Mr. KENNEDY. Do you know where any of the records would be? We can't find any source for Mr. Hoffa's \$20,000 in that enterprise.

Mr. MATHESON. When the brewery went under, Mr. Kennedy, I was in the hospital and the people who owned the building and the real estate foreclosed and the whole thing was pretty well wound up when I got out of the hospital.

Mr. KENNEDY. Would you know where any of the records are?

Mr. MATHESON. No, I don't, Mr. Kennedy. I think the Internal Revenue checked it at the time, and the Liquor Division, but I don't know where all the records are.

Mr. KENNEDY. Did Mr. Hoffa put up cash or check?

Mr. MATHESON. Yes, it was cash, Mr. Kennedy.

Mr. KENNEDY. \$20,000 in cash?

Mr. MATHESON. That is right.

Mr. KENNEDY. You have a brother, Mr. Albert Matheson?

Mr. MATHESON. Yes, sir.

Mr. KENNEDY. Did he form the J & H Sales Equipment Corp.?

Mr. MATHESON. Yes. He originally formed the leasing corporation, I believe, with one tractor.

Mr. KENNEDY. What?

Mr. MATHESON. A leasing corporation owning one tractor.

Mr. KENNEDY. Who was that company owned by, the J & H Sales?

Mr. MATHESON. It was owned by Mr. Hoffa and Mr. Brennan.

Mr. KENNEDY. Was it in their names? That was the one in their wives' maiden names?

Mr. MATHESON. Yes.

Mr. KENNEDY. Initially the stock of the company was held by James Montanti?

Mr. MATHESON. I think that is right.

Mr. KENNEDY. Why was it done through James Montanti and then transferred to Hoffa and Brennan's wives' maiden names?

Mr. MATHESON. I imagine it was done for business reasons.

Mr. KENNEDY. What business reasons?

Mr. MATHESON. They didn't want any of their names to appear.

Mr. KENNEDY. Then the J & H Sales and Equipment Corp. changed its name to the National Equipment Co.?

Mr. MATHESON. I think that is correct.

Mr. KENNEDY. The owners continue to be Josephine Poszywak and Alice Johnson?

Mr. MATHESON. I think that is correct.

Mr. KENNEDY. The National Equipment Co. was purchased in August 1951 by the Convertible Equipment Leasing Corp.?

Mr. MATHESON. I think that is correct.

Mr. KENNEDY. Who owned the Convertible Equipment Leasing Corp.?

Mr. MATHESON. Owned by the Bridge family living in Detroit.

Mr. KENNEDY. Did you have any interest in it?

Mr. MATHESON. I originally had an interest, because I acquired Baker Driveaway from the Bridge family and the equipment company was the holding company for Baker Driveaway.

Mr. KENNEDY. What interest did you have in Convertible?

Mr. MATHESON. Instead of fees we took an interest in the company which we later sold to the Bridge family.

Mr. KENNEDY. The sales price was \$10,000, according to the records.

Mr. MATHESON. I think that sounds as though it was it.

Mr. KENNEDY. And the value of the corporation at the time this company, Convertible Equipment Leasing, paid \$10,000 for it, from Mr. Hoffa and Mr. Brennan and their wives, the value of the corporation was minus \$6,000.

Mr. MATHESON. I don't think so. I think equities of equipment was involved, and I think they paid them a fair value.

Mr. KENNEDY. I believe you and I went over this a year or so ago, Mr. Matheson, out in Detroit, did we not?

Mr. MATHESON. Yes.

Mr. KENNEDY. We reviewed the records, and Mr. Bellino also reviewed the records here before the committee, which showed that the value of the corporation at the time this company paid \$10,000 for it was worth minus \$6,000.

Mr. MATHESON. Including the equities? I will take Mr. Bellino's word because he has been very competent. I am no auditor. But I thought at the time the \$10,000 was a reasonable value for the equipment and what was left of the company.

Mr. KENNEDY. Mr. Bellino, what did we find to be the value?

Mr. BELLINO. My recollection is that it was minus \$6,000.

Mr. KENNEDY. That was the testimony at the time, from the books and records.

I believe we reviewed that matter with you out in Detroit.

Mr. MATHESON. At least, I thought, Mr. Kennedy, when we were discussing, we were discussing net worth. Because a company has no net worth doesn't mean that when you sell it you have to sell it for minus.

Mr. KENNEDY. The National Equipment Co. leased equipment to the Baker Driveaway; is that right?

Mr. MATHESON. Yes; it did.

Mr. KENNEDY. And you had an interest in the Baker Driveaway also?

Mr. MATHESON. I still had it at the time. I think it was later that I sold our interest.

Mr. KENNEDY. So we have the brewery enterprise, the National Equipment, No. 2; the Terminal Realty Co., which was the real estate that you were in with Mr. Hoffa; and then the Convertible Equipment Leasing Co.

Mr. MATHESON. I think that is correct, over a period of about 25 years.

Mr. KENNEDY. Have there been any others, other than those four?

Mr. MATHESON. No, sir.

Mr. KENNEDY. Those are the only four in which you have had any financial dealings with Mr. Hoffa?

Mr. MATHESON. None whatsoever.

Mr. KENNEDY. Did you think it was proper, Mr. Matheson, to go into business, when you were head of a negotiating committee, to be in a financial business with the union official who was conducting the negotiations on behalf of the union?

Mr. MATHESON. Mr. Kennedy, at that time no one thought very much about it.

Mr. Hoffa wasn't quite so prominent. He certainly was not the political figure he is today. I didn't look at it from the standpoint of going into business with him at all in those enterprises. I was not in business with him in the sense that you are using it.

Mr. KENNEDY. I don't know how else you can describe it. You went into a financial deal with him, the land deal. Then you made joint investments in the PML Co., where he invested \$20,000 in cash. Then your brother set up the National Equipment Co. under a front, and then transferred the title to Mr. Hoffa's and Mr. Brennan's wives' maiden names. Ultimately, you had an interest in a company which purchased that company.

Mr. MATHESON. Well, in stating it again, in the original land deal he was not in when I had my interest. That was owned by a client of mine. I had a very small interest.

Mr. DeMass and Mr. Casero owned the company when I had an interest. So I was not in business with Mr. Hoffa.

On the brewery deal——

Mr. KENNEDY. Which one did you describe then?

Mr. MATHESON. The original property deal that you discussed. On the brewery deal there were over 100 stockholders, Mr. Kennedy. If Mr. Hoffa was one, I don't feel that that should be construed that I was in business with Mr. Hoffa in the sense that you mean.

Mr. KENNEDY. Mr. Hoffa invested \$20,000. Were there investors as high as that?

Mr. MATHESON. Yes.

Mr. KENNEDY. Who were some of the other investors?

Mr. MATHESON. I don't have the records. I think I invested considerably more.

Mr. KENNEDY. Mr. Ralph Wilson was another one, and he handled the insurance for Mr. Hoffa.

Mr. MATHESON. He handled the insurance on a competitive basis.

Mr. KENNEDY. Well——

Mr. MATHESON. You are drawing the wrong conclusion there, Mr. Kennedy.

Mr. KENNEDY. I am just asking questions about it, Mr. Matheson. We found that Mr. Hoffa is in a number of trucking companies, that

he has financial deals with the head of the negotiating committee, which is of some interest, obviously.

Mr. MATHESON. I started to explain each transaction.

If you would allow me to finish, I would appreciate it.

On the forming of the leasing corporation, I had no interest in that. That was formed for them.

Mr. KENNEDY. By whom?

Mr. MATHESON. By us, but it was for them. So I didn't have an interest in that. So when you say that I was——

Mr. KENNEDY. Didn't they lease trucks to the Baker Driveaway then?

Mr. MATHESON. Yes.

Mr. KENNEDY. Didn't you have an interest in Baker Driveaway?

Mr. MATHESON. But, Mr. Kennedy, on this leasing thing, if you will, please remember that for 25 years, 80, and sometimes a higher percent of the tractors operating by all trucking companies is leased from Teamster drivers, and the Teamster drivers as well as business agents think nothing of leasing because it is a very common practice. To an outsider, that might look bad. But the industry doesn't consider it such.

Mr. KENNEDY. But he was a Teamsters Union official at that time.

Mr. MATHESON. I didn't understand that there was any prohibition that the members couldn't lease, or everybody under them, and the Teamster couldn't. At least, we didn't give it any thought at the time.

Mr. KENNEDY. He was in that business. Obviously, he must have felt there was something wrong about it or it wouldn't have been set up in his wife's maiden name.

Mr. MATHESON. I don't think that is a fair deduction. I think there are a lot of business transactions by perfectly honest businessmen conducted in their wives' names. I don't think anything wrong should be imputed from it. I know of my personal knowledge that all of these leasing operations were on standard industry leasing contracts and nothing wrong should be imputed from those leasing contracts unless somebody can actually show that they were paid over and above the leasing contracts, which I certainly don't think they were.

Mr. KENNEDY. Is there anything else in this connection?

Mr. MATHESON. Not unless there are further questions.

Senator ERVIN. I would like to ask a question.

The CHAIRMAN. Senator Ervin.

Senator ERVIN. You say it is customary in Michigan for husbands to take property in their wives' maiden names rather than married name?

Mr. MATHESON. I said a lot of legal transactions I have been in, in my capacity as attorney were transactions conducted in their wives' names, yes, Senator. That, in and of itself, does not impute any wrongdoing is what I was trying to say.

Senator ERVIN. I have been practicing law a long time myself, until about all the chlorophyll has gone out of my hair, and until I ran into this case I had never heard, much less known, of any case where a person had put property or corporate stock in their wives' maiden names. I know a lot of husbands put stock and property in their wives' names, but they are usually so proud of their wife that they insist that it be put in her married name instead of her single name.

Mr. MATHESON. What you say may be true in your territory, but it is not uncommon in Michigan, certainly.

Senator ERVIN. Can you tell me any motive which a married man would have for putting property or corporate stock in his wife's maiden name other than that which springs from a desire for concealment?

Mr. MATHESON. Well, it may be for personal reasons. There might be good reasons as well as bad for the concealment, as you call it. But I don't see how you could impute wrong, per se, because it is stock or business in his wife's maiden name.

For example, professionally, not too long ago it hit the press that there was a woman in Chicago who committed suicide who had a chain of beauty counselor firms, and she held her entire business in her original name. I don't think the name has anything to do with it.

Senator ERVIN. Still you say for personal reasons. Can you give me a single personal reason other than a desire for concealment which would prompt a married man to put property in his wife's maiden name?

Mr. MATHESON. That could be one of the reasons. The individual involved may have his personal reason. In each case, I suppose, he would have to be asked as to what his reasons were. In this case, I don't think there is any doubt that Mr. Hoffa and Mr. Brennan just decided it would be better not to have it in their name.

Senator ERVIN. I put the question to you twice, and you have given me two answers—I mean, you have answered twice—but you haven't answered it.

My question still is: Can you tell me a single motive which you think would reasonably inspire a married man to put property in his wife's maiden name as contradistinguished from her married name, outside of a motive arising out of a desire for concealment?

Mr. MATHESON. Well, Senator, of course, you cover a lot of broad territory when you say "concealment." There might be a lot of business reasons that a man would, yes.

Senator ERVIN. Give me one, outside of a desire of concealing the transaction.

Mr. MATHESON. You are using "concealment" in a way that I don't think is fair. Just because a person doesn't want some of his business transactions made public for personal reasons doesn't mean the motive of concealment is bad.

Senator ERVIN. If a man doesn't want his transactions made public, it is a desire to conceal them, is it not? That is all it is.

Mr. MATHESON. We could probably repeat that often. All I can say, Senator, is that for personal reasons, concealment may be one.

Senator ERVIN. You said a lot of personal reasons, and the only one so far that has been developed is the desire to conceal it, that is, to keep it from being known.

Now, if you can tell me any other one, I would like to know it.

Mr. MATHESON. It all depends on the facts of the individual involved. I don't see how I can answer your question, Senator.

Senator ERVIN. I wouldn't have asked you, except you volunteered the information that there are a lot of reasons for a man putting property in his wife's maiden name as distinguished from her married name, and you haven't been able to tell me one of them.

Mr. MATHESON. I said there could be.

Senator ERVIN. You said there could be. But you are unable to name any of them except a desire to prevent it from being known, which is nothing in the world but a desire for concealment.

Mr. MATHESON. It would all depend on the individual. An individual may have, as I said, business reasons. Concealment could be one. Family reasons could be another. There could be other reasons. If each individual case is analyzed, we would have the answer. I don't know what case you are referring to.

Senator ERVIN. You said a family reason. What family reason than a desire for concealment would he have?

I take it that you can't tell me.

Mr. MATHESON. I have explained it the best I could, Senator. I don't think I have anything further.

Senator ERVIN. You left me exactly where I started off, with the assertion that the only reason a man would do that is because for some reason or another he has a desire to conceal the real nature of the transaction.

Mr. MATHESON. He may have a desire not to have the facts known. But what I was trying to convey was that even that fact, in and of itself, is not, per se, bad, or should be construed to be something wrong.

Senator ERVIN. Most people do not hide a laudable deal under a bushel. I believe the Scriptures tell us that.

Did your firm prepare the charter for this corporation, and was it formed down in Tennessee?

Mr. MATHESON. No, we did not, sir.

Senator ERVIN. Where was this J & H Sales Co. formed?

Mr. MATHESON. I think that was formed in Michigan, sir.

Senator ERVIN. Are you certain about that?

Mr. MATHESON. The original leasing company? Well, I am pretty sure it was. The records are in your files there.

Senator ERVIN. There is evidence in the record in this investigation that Mr. Hoffa—that a corporation was formed in the State of Tennessee.

Mr. MATHESON. That was another corporation that was formed by an attorney in Memphis, Tenn., Senator.

Mr. KENNEDY. That was another trucking company.

Senator ERVIN. That was another trucking company which, according to the evidence before us, was formed, as I recall, with the lawyer, the lawyer's secretary, and somebody else in the lawyer's office, being the subscribers to the stock, and then after the corporation was formed, they transferred the stock to Mrs. Hoffa and Mrs. Brennan in their maiden names.

Can you tell me any reason that a person would go from Michigan down to Tennessee, people who reside permanently in Michigan would go to Tennessee and get a corporate charter under those circumstances, unless they desired to conceal the fact of the transaction?

Mr. MATHESON. Senator, I know nothing about that transaction or forming of the corporation, or what the motives were, or the people involved. I didn't hear about that until quite a time later.

Senator ERVIN. You had nothing to do with it?

Mr. MATHESON. I had nothing to do with it.

Senator ERVIN. You do not make it a practice to go to Tennessee to get corporate charters for your clients, do you?

Mr. MATHESON. Not in Tennessee. But I have a lot of clients who we formed corporations for in Delaware and other foreign States.

Senator ERVIN. Absolutely. Ninety-nine out of one hundred go to either Delaware or New Jersey, don't they?

Mr. MATHESON. Well, those are the two States. But in the case of the trucking industry, I think they go to a lot more States for licensing reasons and business reasons; they might go to any State they operate in, Senator.

Senator ERVIN. As a general proposition, though, when a law firm in the United States obtains a corporate charter for a client in any State other than the one in which the law firm is practicing or where the client lives, they ordinarily go to Delaware and New Jersey, don't they?

Mr. MATHESON. I have never gone to New Jersey. I have gone to Delaware. That is for charter reasons.

Senator ERVIN. That is right.

Mr. MATHESON. But there could be other business reasons.

Senator ERVIN. Businessmen and lawyers think there are advantages in going to Delaware to get a corporate charter.

Mr. MATHESON. Their corporate charter is adaptable to a lot of businesses.

Senator ERVIN. But you never heard of an advantage in going to Tennessee for a corporate charter, did you?

Mr. MATHESON. No, I haven't heard of any, Senator.

Mr. KENNEDY. In addition, this was set up by the Commercial Carrier Corp. in Michigan, through their lawyer, Mr. Wrape, who then went down to Tennessee after Mr. Hoffa settled the strike.

Senator ERVIN. The whole procedure that was followed in that case was a procedure by which there would be no record, no public record, made in connection with the organization of the corporation, whereby the real owners of the corporate stock would be known. In that case, they took not only the precaution of going to a State far distant, and organizing a corporation under certain manners where the true owners would not be disclosed, but to make doubly sure that the true owners would not be disclosed, the stock was transferred to these ladies in their maiden names.

Mr. MATHESON. Mr. Chairman, may I make a remark on the last statement that Mr. Kennedy made?

The CHAIRMAN. Yes.

Mr. MATHESON. I think the inference was, although I knew nothing about the forming of the corporation in Memphis, that it had something to do with the strike at Flint.

I handled the strike at Flint and those two things were not related. There was no connection whatsoever.

Mr. KENNEDY. Mr. Matheson, we had testimony directly to the contrary in connection with that.

Mr. MATHESON. I handled the strike. Would you mind hearing my testimony?

The CHAIRMAN. You have a right to swear that it was incorrect. Proceed. We will see what you say.

Mr. MATHESON. The strike at Flint, Mr. Chairman, was a direct result of the brokers telling the two owners of Commercial Carriers, who operated out of Flint, Mich., hauling Buicks, that the company could no longer put on leased equipment in addition to what they had, and that the only time the company could supplement the fleet was that these brokers would have to buy the tractors and put them on. The company had decided that each broker could have one tractor, and that argument arose out of that.

That, unfortunately, came just before, I believe, general negotiations of the national contract. That caused a strike.

It was thoroughly aired before the National Labor Relations Board. That strike at Flint had nothing to do with any corporations that were formed for Mr. Hoffa or Mr. Brennan.

Mr. KENNEDY. Could I ask a question here?

Mr. MATHESON. Certainly.

Mr. KENNEDY. The Commercial Carriers—the strike was against the Commercial Carriers Co.; is that correct?

Mr. MATHESON. The strike was an unlawful strike by the brokers against Commercial Carriers.

Mr. KENNEDY. The strike was against Commercial Carriers?

Mr. MATHESON. Yes.

Mr. KENNEDY. And Mr. Hoffa came up there and took the position that it was an unlawful strike?

Mr. MATHESON. There was no question but that it was an unlawful strike.

Mr. KENNEDY. Mr. Matheson, just answer the question. Is that not correct?

Mr. Hoffa came up and took the position, against the union members, that this was an unlawful strike?

Mr. MATHESON. What do you mean when he “came up”? We took that position before the National Labor Relations Board.

The CHAIRMAN. Did he agree with you?

Mr. MATHESON. Yes, I think he agreed with me.

The CHAIRMAN. All right.

Mr. KENNEDY. Shortly afterward, the representative of Commercial Carriers went down to Tennessee, Mr. Wrape, the attorney, and set Mr. Hoffa up in a trucking company.

Mr. MATHESON. I don't know the——

Mr. KENNEDY. You volunteered this testimony. The testimony before the committee is that Commercial Carriers is the same company where he came up and spoke against the employees, siding with the company and with Mr. Matheson, that this was an illegal strike. Hoffa took the side of the company. Immediately thereafter, the attorney for the company went down to Tennessee, and they set up a trucking company in the attorney's name.

As Senator Ervin pointed out, shortly afterward the control of the company was transferred over to Mr. Hoffa and to Mr. Owen Bert Brennan in their wives' maiden names.

All of the bills were paid by the Commercial Carriers Co. The attorney's fees were paid by the Commercial Carriers Co. The Commercial Carriers Co. guaranteed the \$50,000 loan whereby Test Fleet was set up, guaranteed it in a bank. The Commercial Carriers took all the trucks from Test Fleet after it was set up.

The CHAIRMAN. Have you any correction to make on that?

Mr. MATHESON. Yes, I have, Senator.

That was quite a long dissertation. I will try to break it down and answer.

I again state that the strike at Flint had nothing to do with anything that Mr. Wrape may have set up for Mr. Beveridge and Mr. Walter Carey.

The CHAIRMAN. What was Mr. Wrape's connection with the company involved in the strike?

Mr. MATHESON. He was general counsel for Commercial Carriers.

The CHAIRMAN. All right. He was general counsel for Commercial Carriers in which there was a strike, and where Mr. Hoffa took the position that the company was right, that it was an unlawful strike. Is that correct?

Mr. MATHESON. I was going to ask if the records show the time between the——

The CHAIRMAN. We will get to that.

But is that correct, that Mr. Wrape was attorney for the company that was involved in the strike?

Mr. MATHESON. Yes, he was, sir; but I don't think they came simultaneously, or they were close together.

The CHAIRMAN. Just a moment. We will get to that.

Mr. Wrape was the attorney for this company?

Mr. MATHESON. That is right, sir.

The CHAIRMAN. Mr. Wrape participated in the negotiations for a settlement of the strike?

Mr. MATHESON. No, sir; Mr. Wrape had nothing to do with labor relations for Commercial or any other automobile carrier.

Mr. KENNEDY. Who was the accountant for Commercial Carriers?

Mr. MATHESON. At the time? I think it was a man by the name of Beidler.

Mr. KENNEDY. And Mr. Beidler also became the accountant and was the one who set up the books for Test Fleet. He kept all the records.

The CHAIRMAN. What is the relationship in time between the time the strike was settled until the company was set up in Tennessee?

Mr. KENNEDY. We have it. We have some very interesting documents in connection with this.

Mr. MATHESON. There was a considerable length of time between those two events. I am pretty sure.

The CHAIRMAN. I was trying to get what the record shows. I don't suppose you know the exact time?

Mr. MATHESON. Not the exact time, but I am sure it was quite a passage of time.

Mr. KENNEDY. The record shows that the strike was in 1949 and the first conversation between Mr. Brennan and Mr. Beveridge was in April of 1949, the same exact period of time.

Mr. MATHESON. The actual formation of the company?

Mr. KENNEDY. The discussions which brought about the formation of the company.

Mr. MATHESON. I would like to check that. That I didn't know. I am pretty sure there was a considerable passage of time. It may be that the first conversation between Mr. Beveridge and Mr. Brennan,

but I don't think the corporation was formed when the conversation took place, Mr. Kennedy.

Senator ERVIN. I understood you to say a while ago, on another matter, that you saw no impropriety in a union officer having business dealings with a company whose employees were represented by the union for whom he acts.

Mr. MATHESON. I believe I tried to explain, Senator, that the practice of leasing trucks is very common in industry, and at various times in the last 25 to 30 years that I have been connected with it, from 50 to 75 to 80 percent of the total trucks are leased to Teamster members.

Obviously, those members don't look at leasing trucks to companies, no matter who the owner may be, in the same light that a total outsider would be. That is what I was trying to explain.

Senator ERVIN. But they hire themselves and their trucks both to the companies, the drivers, in those cases, and trailers.

Mr. MATHESON. Well, they are employees. There is a definite segregation and separation of the lease of the equipment. They don't hire in the sense that you—

Senator ERVIN. They hire themselves to drive the trucks pulling their trailers, don't they?

Mr. MATHESON. Well, they drive the trucks that they lease to the companies. Most of them drive trucks that they lease.

Senator ERVIN. When a union officer comes in and forms a company, directly and indirectly, and leases a number of trailers to the company, then he is trespassing upon the reserves that theretofore have been reserved for the benefit of the members of the unions who drive the trucks?

Mr. MATHESON. Not necessarily. A lot of the drivers own fleets of tractors that they lease. They are not all one-tractor ownership. I don't think it could be stated that the leasing of trucks by these companies is a special province or special right of the driver.

Senator ERVIN. I am talking about union officers who are supposed to be looking after the interest of these truckers, the employees of the truckers. He draws a salary for representing the union and acting as collective bargaining agent for these truckers, and then he has business transactions from which he is also getting compensation from the truckers, and you see no conflict of interest there?

Mr. MATHESON. Senator, I don't see any conflict of interest, and I doubt very much whether Mr. Hoffa's members would consider that a conflict of interest.

Senator ERVIN. I was trying to get your views instead of his members.

Mr. MATHESON. Based on the explanation I gave, and the practice of the industry, I don't see any conflict.

Senator ERVIN. I see a great deal of difference between a man that is an officer, who is supposed to represent these people, forming a corporation and leasing trailers or trucks to the company which employs members of the union which he represents. I think that is more or less like a lawyer undertaking to represent both the plaintiff and the defendants. I would call it a little bit of cross-field.

Mr. MATHESON. I am afraid I can't agree with you on that, Senator?

Mr. KENNEDY. Senator, the company was set up on April 13, 1949.

The CHAIRMAN. Is that the date of the incorporation?

Mr. KENNEDY. Yes. And the record shows that Mr. Hoffa was in contact. There is a letter of September 8, 1949, after the company was set up, written to Carney Matheson from Bert Beveridge, that Mr. Hoffa was taking the side of the employer against the employees in connection with rehiring some of these individuals with their seniority; that the negotiations in connection with this matter took place beyond September of 1949, some 3 or 4 months, at least, after this company had been set up.

The CHAIRMAN. What you are stating now is already sworn testimony in the record?

Mr. KENNEDY. That is correct. You pointed it out again on page 5556, the dates in connection with this, Mr. Chairman.

The letter that appears in connection with Mr. Matheson from Bert Beveridge is on page 5754, reprinted in full. It shows that Mr. Hoffa even at that time was taking part against the employees and on behalf of the Commercial Carriers and his friend, Mr. Carney Matheson.

The CHAIRMAN. The committee will stand in recess until 2:15.

(Members of the select committee present at time of recess: Senators McClellan and Ervin.)

(Whereupon, at 12:55 p.m., the select committee recessed, to reconvene at 2:15 p.m. the same day.)

AFTERNOON SESSION

The hearing was resumed at 2:30 p.m., in the caucus room of the Senate Office Building, Senator John L. McClellan, chairman of the select committee, presiding.

The CHAIRMAN. We will come to order.

(Members of the select committee present at the convening of the afternoon session were Senators McClellan and Ervin.)

The CHAIRMAN. Will you resume the stand, please?

TESTIMONY OF PATRICK J. O'NEILL, ACCOMPANIED BY COUNSEL, CARNEY D. MATHESON, AND TESTIMONY OF CARNEY D. MATHE- SON—Resumed

The CHAIRMAN. Proceed.

Mr. MATHESON. May I state a correction on questions that you and I were going over just before we adjourned, to clarify something, that I thought might be misunderstood?

The CHAIRMAN. I beg your pardon; I am sorry.

Mr. MATHESON. May I make a statement of verification on an item that I thought might be misconstrued from my answer on the negotiations of the first and second eastern conference contracts, please?

The CHAIRMAN. You may make any statement you desire at this point.

Mr. MATHESON. In the questioning from Mr. Kennedy, I thought his questions were directed as to the actual decision of the contract provisions particularly the first eastern conference contract, and I said that I did not discuss it with Mr. Hoffa. I did not mean that it was for general discussion, whether it was with Mr. Hoffa or with

the manufacturers or all interested parties. The decision as to the contract terms was not discussed nor decided by Mr. Hoffa.

The CHAIRMAN. What discussion did you have with him?

Mr. MATHESON. Just general information at various times, when I did see him as to how the negotiations were progressing.

The CHAIRMAN. You discussed the progress of negotiations with him?

Mr. MATHESON. Yes, sir.

The CHAIRMAN. In the course of that discussion, did you give him any detailed information or discuss with him particular phases of the issues with him?

Mr. MATHESON. I usually sent him a copy of the last proposals that were under negotiation and we had at the time, and I didn't discuss it, the terms or what the terms should be.

Mr. KENNEDY. Did he give you any detailed information?

Mr. MATHESON. No.

Mr. KENNEDY. Did he give you any information?

Mr. MATHESON. Just generally asking how we were getting along, except the last contract, after the deadlock, the second Eastern Conference contract, he took over the negotiation for the Eastern Conference committees at the headquarters.

Mr. KENNEDY. And Mr. O'Neill, you state that in the 1955 negotiations you didn't discuss the contract at all with Mr. Hoffa; is that right?

Mr. O'NEILL. No, sir.

Mr. KENNEDY. You say that Mr. Hoffa never suggested that Mr. Matheson be brought into this matter?

Mr. O'NEILL. I never discussed it with Mr. Hoffa, Mr. Kennedy.

Mr. KENNEDY. And he didn't suggest Mr. Matheson to represent you?

Mr. O'NEILL. No, sir.

Mr. KENNEDY. You are quite certain about that?

Mr. O'NEILL. Yes, sir.

Mr. KENNEDY. You didn't discuss the matter at all with Mr. Hoffa, the 1955 negotiations?

Mr. O'NEILL. No, sir.

Mr. KENNEDY. Will you identify this?

The CHAIRMAN. I hand you what purports to be a photostatic copy of a document dated June 23, 1955, and the title is "Anchor Motor Freight, Labor 1955, Eastern Conference of Teamsters, Continued."

I will ask you to examine it and state if you identify it.

(A document was handed to the witness.)

Mr. O'NEILL. I would have to read it all over, and I am not familiar with it, or I can't pick it up just by quickly glancing at it.

The CHAIRMAN. While you are doing that, you proceed to satisfy yourself about it, and in the meantime can you interrogate the other witness?

Mr. KENNEDY. Could we identify it then for the record, Mr. Chairman, and I would like to make reference to it.

The CHAIRMAN. Well, he said he is not able to identify it until he examines it further.

Do you have another copy of it?

Mr. KENNEDY. We have a mimeographed copy.

The CHAIRMAN. You go ahead and refer to the mimeographed copy and get anything you want until he identifies it.

Did you get it out of their records and their files, and will you be able to identify it, even if he doesn't?

Mr. KENNEDY. That is right.

The CHAIRMAN. Proceed with it.

Mr. KENNEDY. This is from the files of the Anchor Motor Freight Co., "Labor 1955," dated June 23, 1955, "Eastern Conference of Teamsters, Continued."

I draw your attention specifically, Mr. Chairman, to the date of June 7, 1955, which states:

P. J. and F. J. O'Neill met with Carney and Al Matheson, and also E. M. Brady in Detroit.

General discussion of history and suggested procedure.

James Hoffa asked for meeting with Carney, Matheson, P. J. O'Neill, and F. J. O'Neill. Meeting held for 3 hours.

Hoffa had received copy of demands of eastern conference. Hoffa's general reactions were—

and this is the most pertinent part, Mr. Chairman.

The CHAIRMAN. To get the record straight, who kept this, and from whose files was this taken?

Mr. KENNEDY. Anchor Motor Freight. It came from the files of the Anchor Motor Freight.

The CHAIRMAN. Is it signed, or an unsigned memorandum in the files?

Mr. KENNEDY. An unsigned memorandum.

The CHAIRMAN. All right.

Mr. KENNEDY (reading):

Mr. Hoffa had received copy of demands of eastern conference. Hoffa's general reactions were—

(1) Demands were ridiculously high.

(2) Hoffa had a personal interest because he did not want the eastern conference to get out of line with national conference.

(3) Hoffa thinks eastern conference will be merged with national conference at next contract inasmuch as there are so few carriers in the East.

(4) Hoffa thinks negotiations are going to be rugged. This is always true when multiple contracts are merged, plus much individualism in the eastern union circles.

(5) Hoffa states he is chairman of all automotive transportation conferences and no strikes can be authorized by the international union without his sanction. He would not sanction an eastern conference strike, if employers were reasonable.

(6) Unauthorized strikes could occur, but if this did happen he would be called into the picture.

(7) Hoffa gave background of eastern union officials.

(8) Suggested procedure was to move slow and by steps. Hoffa thought it would be wise to use Carney in negotiations.

The CHAIRMAN. Now, may I ask you, Mr. O'Neill, if you have examined the document?

Mr. O'NEILL. Yes, sir.

The CHAIRMAN. Do you identify it?

Mr. O'NEILL. Yes, sir.

The CHAIRMAN. What is it?

Mr. O'NEILL. What it was, Senator, was a memorandum written by F. J. O'Neill on a discussion that he had with, apparently, James Hoffa, Carney Matheson, and myself. I am not trying to evade or avoid or anything else, Senator. I do not recall in any way discuss-

ing this eastern conference procedure with James Hoffa. I remember the meeting vividly and we were called into that meeting because of a strike in local 107.

The CHAIRMAN. Whose memorandum is it?

Mr. O'NEILL. F. J. O'Neill's.

The CHAIRMAN. He is your father?

Mr. O'NEILL. No, sir; he is my uncle.

The CHAIRMAN. What position did he have in the Anchor Motor Co.?

Mr. O'NEILL. He has no position in Anchor Motor Freight.

The CHAIRMAN. What position did he hold?

Mr. O'NEILL. He has no position, and never did hold a position, to my knowledge.

The CHAIRMAN. Why was he involved in it?

Mr. O'NEILL. Because he is naturally interested in the activities of his brother or his nephew. He has done certain labor work.

The CHAIRMAN. He was an outsider other than his relationship to you and he made this memorandum?

Mr. O'NEILL. He was developing the memorandum which was never used.

The CHAIRMAN. Well, you say this memorandum relates what happened or did it relate something that was going to happen? What do you mean by it?

Mr. O'NEILL. Maybe I can help you, Senator.

The purpose of the memorandum was to develop our procedure in the East with our shipper. We are a contract carrier, and we have but one shipper. At times naturally our shipper is interested because they have money invested in us, and it is extremely expensive if they go on strike in the East or we go on strike, because we are in effect the end of their assembly line.

The CHAIRMAN. On the face of it it appears to be a memorandum recording impressions gained in this thing, or impressions taken away from this conference. Is that correct?

Mr. O'NEILL. It certainly appears to me, Senator, and of course I remember when my uncle Steve wrote this in his own office after this meeting, that we had with Mr. Hoffa, which was purposely set up because of the problems that we were having in Philadelphia.

The CHAIRMAN. How soon was the memorandum written after the meeting?

Mr. O'NEILL. That I can't tell you, Senator. I just don't know.

The CHAIRMAN. It starts off here:

Hoffa had received copy of demands of eastern conference. Hoffa's general reactions were—

and then it lists them all the way down to eight here.

First, his reactions were that the demands were "ridiculously high," and, second, he had a personal interest because he didn't want the eastern conference "to get out of line with the national conference," and—

Hoffa thinks eastern conference would be merged with national conference at the next contract. Hoffa thinks negotiations are going to be rugged. Hoffa states he is chairman of all automotive transportation conferences, and no strike can be authorized by the international without his sanction.

Hoffa gave background of eastern union officials.

In other words, this is the impression that your uncle had and the notes that he thought were significant that should be made in a memorandum to record what had happened at the conference.

Mr. O'NEILL. They were made, Senator McClellan, for the specific purpose of getting his thinking outlined.

The CHAIRMAN. Whose thinking?

Mr. O'NEILL. F. J. O'Neill's thinking, and outlined in case General Motors questioned us on how we were proceeding with our negotiations in the East.

The CHAIRMAN. Then he recorded here the impression that he had gotten from the conference with Hoffa.

Mr. O'NEILL. Apparently so, sir.

Mr. KENNEDY. The statements in here or the impressions that Mr. O'Neill's uncle received speak for themselves, Mr. Chairman. That was that the demands of the eastern conference were ridiculously high in connection with (2), which we did go into this morning. Hoffa had a personal interest because he did not want the eastern conference to get out of line with the national conference, because, as was pointed out this morning, the national conference of which he was the head, had lower rates than the eastern conference.

Now, also, we have had testimony that Mr. Hoffa did not participate in or conduct any of these discussions regarding this contract, and yet this memorandum shows quite clearly that the contract was discussed, Mr. O'Neill.

Mr. O'NEILL. Not with me, sir, and it could have been with F. J. O'Neill.

Mr. KENNEDY. It states that you were present at the meeting.

Mr. O'NEILL. Yes, sir; I was there.

Mr. KENNEDY. And it wasn't discussed?

Mr. O'NEILL. I didn't hear any of this discussion.

Mr. KENNEDY. Would he write all these things down if this hadn't occurred? Your uncle, would he be that kind of a person?

Mr. O'NEILL. I am sure that they occurred, that he must have discussed it with Mr. Hoffa at the time that we had the meeting.

Mr. KENNEDY. Had you received the contract yourself at that time of the eastern conference or the proposed contract from the eastern conference?

Mr. O'NEILL. Yes, I am pretty sure that we had. I am not positive of it, but I am reasonably sure that we had.

The CHAIRMAN. I hand you here what purports to be photostatic copy of a letter dated June 21, 1955, addressed to Mr. F. J. O'Neill, signed by Thomas E. Flynn, chairman, eastern conference of Teamsters, which has attached to it a purported contract or an agreement. I will ask you to examine the letter and the contract and state if you identify that.

Mr. O'NEILL. Yes, sir.

The CHAIRMAN. The former memorandum may be made exhibit No. 55.

(Memorandum referred to was marked "Exhibit No. 55" for reference and may be found in the files of the select committee.)

Mr. O'NEILL. Yes, sir; I recognize this.

The CHAIRMAN. That may be made exhibit No. 56, the letter, and the contract attached will be made exhibit No. 56-A.

(Documents referred to were marked "Exhibits 56 (and will be found in the appendix on p. 19499) and 56-A" may be found in the files of the select committee.)

Mr. KENNEDY. That letter is June 21. I believe it says that they are enclosing something.

DEAR MR. O'NEILL: Enclosed is a copy of the proposed eastern area truckaway and driveway agreement.

* * * * *

This letter will also confirm the fact that we will meet with you again at the time and place agreed upon.

Mr. O'NEILL. Yes, sir.

Mr. KENNEDY. It would appear that you did not have the eastern conference of Teamsters demands at that time, at least from the eastern conference, until June 21.

Mr. O'NEILL. Well, of course, you are talking dates, Mr. Kennedy. I will be very happy to check my records or try to recollect. But you are talking 1955. I don't remember every little incident that happened.

Mr. KENNEDY. There is a note here on June 3 in this memorandum which says—

demands arrived from eastern conference, over-the-road section, for truckaway operations

which would appear that you did get something on June 3. But it would appear also that the official communication that you received did not arrive until June 21, 1955, from the eastern conference of Teamsters.

Yet Mr. Hoffa was there discussing the demands of the eastern conference of Teamsters with you on June 7, some 14 days prior to the time that you received official communications from the eastern conference of Teamsters.

That is what the documents appear to indicate.

Mr. O'NEILL. It is very possible that we had received or that they had made their demands.

The CHAIRMAN. In other words you had received, orally or otherwise, information as to what they were demanding, obviously, when you discussed it with Mr. Hoffa. You had already received it.

Mr. O'NEILL. First of all, Senator, I didn't discuss it with Mr. Hoffa. We may or may not have received something, Senator. It is very possible Mr. Hoffa being the chairman of the Central States conference, that he had received the demands before they were given to us. I don't know.

The CHAIRMAN. The memorandum indicates you had received demands, you knew what they were, and that was the purpose of discussing it, and how you would proceed in the matter. Hoffa, according to the memorandum, expressed his opinion that they were too high.

Mr. O'NEILL. I do remember, Senator, that the demands at the time our basic rate on a mileage basis was within a penny of 13 cents a mile, the demand was something like 20 cents in addition to that, which is over a 100-percent increase on a mileage rate.

The CHAIRMAN. I can well understand that you might have had verbal or oral information about their demands were, but they didn't

come to you in a formalized proposed agreement or contract until a later date, and you had them tentatively as to what they were, what they were going to be, when this conference was held with Mr. Hoffa some few days before.

That is the way it appears. Have you any other explanation?

Mr. O'NEILL. No, I don't, Senator, because I just don't have the records. From what you have taken from my records, it would certainly seem that way; yes, sir.

Mr. KENNEDY. We have a letter dated June 2, 1955, where the eastern conference sends a copy of the demands to Mr. Hoffa. That is dated June 2, 1955. The conference was held with the O'Neills and Mr. Matheson on June 7, 1955, and the eastern conference didn't send the demands out to the employers until June 21, 1955.

The CHAIRMAN. You may have learned from them that day, from Mr. Hoffa, as to what the demands were.

Mr. O'NEILL. That could have been, sir.

The CHAIRMAN. Obviously, he had them before, according to the records.

Mr. O'NEILL. That could have been.

The CHAIRMAN. He could have submitted them to you and told you what they were that day.

Mr. O'NEILL. It could have been.

Mr. KENNEDY. It also states in this memorandum—

Hoffa thought it would be wise to use Carney in negotiations.

The CHAIRMAN. Who is Carney?

Mr. O'NEILL. Carney Matheson is sitting beside me, Senator.

As I say, I didn't participate in that discussion, so I am extremely sorry but I can't throw any light on it other than what would be my guess. It would be that Mr. Hoffa would naturally advise Mr. Matheson's participation in the negotiations because Mr. Matheson had negotiated the automobile contracts in the Central States as far as I know since its inception.

Mr. KENNEDY. Why would the union official be suggesting to employers that they hire a particular individual to conduct their labor negotiations? That is what is of interest to us, particularly in view of the former relationship that had existed between Mr. Matheson and Mr. Hoffa.

Mr. O'NEILL. I can only throw this much light on it, Mr. Kennedy, because I honestly did not participate in that part of the discussion in the office with Mr. Hoffa. My guess would be that we had discussed, of course, using Mr. Matheson in the East and possibly Mr. F. J. O'Neill suggested to Mr. Hoffa that we would like to use Carney Matheson.

Mr. KENNEDY. That is not what this says. This says, "Hoffa thought it would be wise." I just want to point out for the record that according to your testimony, we would have gotten an entirely erroneous picture of what the situation was—that is, about the fact of Mr. Hoffa discussing this contract or ever suggesting Carney Matheson—if it had not been for the fact that we were able to obtain this document.

I might say, Mr. O'Neill, that you did make the documents of Anchor Motor Freight available to the committee.

Mr. O'NEILL. You are welcome to all of our records.

Mr. KENNEDY. It is fortunate, as I am sure you realize, that we were able to get this document, because it is very enlightening, indeed.

How much did you pay Mr. Carney Matheson thereafter to conduct these negotiations?

Mr. O'NEILL. We paid Mr. Matheson to conduct the original negotiations expenses and legal fees, \$20,000.

Mr. KENNEDY. And was he paid by any of the other companies to conduct the negotiations?

Mr. O'NEILL. Frankly, Mr. Kennedy, I would rather not testify because I have no—

Mr. KENNEDY. Did you receive any other fee?

Mr. MATHESON. Yes, sir; I did.

Mr. KENNEDY. From who else?

Mr. MATHESON. Nu-Car Carriers and associated companies.

Mr. KENNEDY. How much did you receive?

Mr. MATHESON. The same amount, sir.

Mr. KENNEDY. \$20,000?

Mr. MATHESON. That is right. For negotiation over a year's work.

Mr. KENNEDY. Did you ever tell any of the union officials, Mr. O'Neill, that you had Mr. Hoffa in your back pocket?

Mr. O'NEILL. No, sir.

Mr. KENNEDY. Did Mr. Hoffa ever relate to you that that had been discussed with him?

Mr. O'NEILL. No, sir.

Mr. KENNEDY. He never said that?

Mr. O'NEILL. No, sir.

Mr. KENNEDY. You never made a statement to any individual, any Teamster Union official, to the effect that you had Mr. Hoffa in your back pocket?

Mr. O'NEILL. I do everything I can, Mr. Kennedy, to tell the truth at all times, and that would be a terrifically big lie. So obviously—I am sure I never said anything like that, positively.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. That is all for now, Mr. Chairman.

The CHAIRMAN. Anything, Senator?

Senator ERVIN. No.

The CHAIRMAN. All right.

Call the next witness.

Mr. KENNEDY. Mr. Topazio.

Mr. Chairman, we are going now into the effect of Mr. Hoffa's negotiations with some of the individual unions. The next witness is one who will precede the major witness, who will be Mr. Ted Daley.

The CHAIRMAN. Do you solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. TOPAZIO. I do.

TESTIMONY OF ANTHONY TOPAZIO

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. TOPAZIO. Anthony Topazio, 33 DeMartino Avenue, Yonkers, N. Y.; a truck driver.

The CHAIRMAN. You waive counsel, do you?

Mr. TOPAZIO. Yes, sir.

The CHAIRMAN. All right.

Mr. KENNEDY. Mr. Topazio, you appeared before this committee before, did you not?

Mr. TOPAZIO. Yes, sir.

Mr. KENNEDY. In 1957?

Mr. TOPAZIO. Yes, sir.

Mr. KENNEDY. You were one of those who were involved in the so-called paper locals?

Mr. TOPAZIO. Yes, sir.

Mr. KENNEDY. And that was in our paper local investigation; is that right?

Mr. TOPAZIO. That is right.

Mr. KENNEDY. You appeared before the committee and took the fifth amendment at that time?

Mr. TOPAZIO. That is right.

Mr. KENNEDY. And this time you wish to answer all the questions; is that correct?

Mr. TOPAZIO. I do.

Mr. KENNEDY. You spell your name T-o-p-a-z-i-o; is that right?

Mr. TOPAZIO. That is correct.

Mr. KENNEDY. Mr. Chairman, I might make a preliminary statement. This gentleman's testimony is in connection with the steps that are taken by Mr. Hoffa or by his chief lieutenants against those who oppose him in some of these negotiations. With the next witnesses we are going into what the effect is on the local union membership, and what the effect is on the enforcement of the contracts, when they are opposed to Mr. Hoffa and some of Mr. Hoffa's associates.

The CHAIRMAN. When did you appear before the committee before?

Mr. TOPAZIO. July, if I am correct; July of 1957, Senator.

The CHAIRMAN. July 2 years ago?

Mr. TOPAZIO. That is correct.

The CHAIRMAN. At that time you say you declined to answer questions?

Mr. TOPAZIO. That is right.

The CHAIRMAN. You have since decided to cooperate with the committee and give us the benefit of what knowledge you have?

Mr. TOPAZIO. Yes, sir.

The CHAIRMAN. I want to commend you. I certainly think that it is of importance that people who have information that will help their Government, give it guidance in meeting its responsibilities, will give it. I don't know. I want to hear your testimony. I hope you have information which will be worth while.

Proceed.

Mr. KENNEDY. Mr. Topazio, you worked for the local of Johnny Acropolis, originally; is that correct?

Mr. TOPAZIO. That is correct.

Mr. KENNEDY. You were a member of his local?

Mr. TOPAZIO. That is correct.

Mr. KENNEDY. After that you were hired as an organizer by Sam Zakman, of local 102 of the UAW-AFL?

Mr. TOPAZIO. That is correct.

Mr. KENNEDY. That was the local of Mr. Johnny Dioguardi, ultimately?

Mr. TOPAZIO. That is correct.

Mr. KENNEDY. Mr. Dio took over from Sam Zakman, did he, subsequently, took over control of the local?

Mr. TOPAZIO. That is right.

Mr. KENNEDY. Zakman and Dioguardi had a fight and Dio gained control of the local?

Mr. TOPAZIO. That is right.

Mr. KENNEDY. Did you understand that that local was then being financed by Johnny Dioguardi?

Mr. TOPAZIO. Then I did; yes, sir.

Mr. KENNEDY. Also from local 102 you became an organizer for local 649, which was another of Johnny Dioguardi's locals?

Mr. TOPAZIO. That is right.

Mr. KENNEDY. As an organizer for local 649 you got into some difficulty with the law?

Mr. TOPAZIO. That is right.

Mr. KENNEDY. You and Joseph Cohen?

Mr. TOPAZIO. That is right.

Mr. KENNEDY. And you were indicted for conspiracy and attempted extortion?

Mr. TOPAZIO. Yes, sir.

Mr. KENNEDY. You were convicted and pleaded guilty to the conspiracy?

Mr. TOPAZIO. That is right.

Mr. KENNEDY. That was 1952?

Mr. TOPAZIO. That is right.

Mr. KENNEDY. And you were sentenced to what?

Mr. TOPAZIO. Ten months.

Mr. KENNEDY. At Rikers Island?

Mr. TOPAZIO. That is right.

Mr. KENNEDY. When you emerged from prison, you became a member of local 445, Yonkers, N.Y.?

Mr. TOPAZIO. That is right.

Mr. KENNEDY. Shortly after you became a member of the local, the two officers, Stickel and Massiello, got into difficulty themselves with the law, is that right, in an extortion?

Mr. TOPAZIO. From what I understand, Mr. Kennedy, they were already in trouble before I was even a member of that union.

Mr. KENNEDY. But ultimately they were indicted and convicted and sent to the penitentiary for extortion?

Mr. TOPAZIO. That is right.

Mr. KENNEDY. That is, Lester Stickel and Philip Massiello. They were indicted and ultimately convicted for shaking down New York milk dealers for \$64,000.

One of those who led the rank and file against Stickel and Massiello was Mr. Ted Daley; is that right?

Mr. TOPAZIO. That is right.

Mr. KENNEDY. There was a good deal of agitation within the union?

Mr. TOPAZIO. That is right.

Mr. KENNEDY. Were you called in to New York—were you called in to New York to meet with Mr. John O'Rourke at the Hampshire House in connection with Mr. Ted Daley?

Mr. TOPAZIO. That is right.

Mr. KENNEDY. Who else did you meet with there?

Mr. TOPAZIO. There was a call left for me to go down to the Hampshire House and ask for a suite or an apartment. This was in about 1955. It was Abe Gordon's apartment.

Mr. KENNEDY. Abe Gordon's apartment?

Mr. TOPAZIO. Yes. It was in the Hampshire House. It was at the time of the merger of the AFL and CIO. I met John O'Rourke there, and and Mr. Johnny Dio.

Mr. KENNEDY. Was Abe Gordon present also?

Mr. TOPAZIO. Yes, sir. There seemed to have been some stirring around or commotion up in 445 with Mr. Ted Daley and Mr. Hopkins.

Mr. KENNEDY. Mr. James Hopkins?

Mr. TOPAZIO. Hopkins.

Mr. KENNEDY. H-o-p-k-i-n-s?

Mr. TOPAZIO. Hopkins who was with Mr. Daley. I was asked if I knew them, and I told them I didn't. The purpose of this meeting was to try to get to Mr. Hopkins and Mr. Daley and try to offer them some sort of a job and stop this bickering with the officials of 445.

Mr. KENNEDY. Officials with whom they were bickering at that time were the two individuals who had been indicted for extortion?

Mr. TOPAZIO. I think it was the whole slate, too.

Mr. KENNEDY. They wanted you to make an approach down there to see if you could get them to take some job so that they would no longer be fighting Stickel and Massiello; is that correct?

Mr. TOPAZIO. That is right.

Mr. KENNEDY. Did you agree to try to do that?

Mr. TOPAZIO. I certainly did. I tried to do it. I was a member of 445. Being Mr. John O'Rourke was there, and that he had the good intentions of the union, that is why I approached.

Mr. KENNEDY. Whom did you approach?

Mr. TOPAZIO. I tried to make an appointment, and I finally got to a Mr. Hopkins. He was to make an appointment. Mr. Daley was to be present. I was to give them this.

Mr. Hopkins showed up but Mr. Daley didn't. He made a subsequent appointment. Again Mr. Hopkins showed up but Mr. Daley didn't, and nothing ever came of it.

Mr. KENNEDY. What job were you authorized to offer?

Mr. TOPAZIO. Business agents.

Mr. KENNEDY. If they would stop their opposition to Massiello and Stickel?

Mr. TOPAZIO. That is right.

Mr. KENNEDY. Subsequently, this agitation continued, and Mr. Daley obtained control of the local. Mr. Stickel and Massiello went to the penitentiary. Mr. Daley obtained control of the local.

Was there then some step taken to set up independent locals, apart from local 445?

Mr. TOPAZIO. There was, Mr. Kennedy. But prior to that there was so much commotion in the rank and file we never knew exactly what was going on.

Mr. KENNEDY. I want to get to this other time. I think we stated there was a considerable amount of agitation.

Mr. TOPAZIO. Yes.

Mr. KENNEDY. Was there an effort to set up an independent local to take members away from local 445?

Mr. TOPAZIO. That is right.

Mr. KENNEDY. You helped form one of these locals, did you not?

Mr. TOPAZIO. Well, I was never a member of it. It was the move from the rank and file of 445 because they were getting nowhere with the international or with the officials involved. They thought it would be the best idea to form their own independent union.

However, before that was formed, I contacted Mr. O'Rourke who, himself, I think, was just becoming a member or was involved in something with the joint council. He knew before this was formed, that is, a group of members from 445, and he OK'd it. He gave it his blessings.

He said, "OK, go ahead. Anything to give them trouble."

Mr. KENNEDY. The point of this, Mr. Chairman, is that you have a Teamsters Union, Local 445; that the two top officials are involved in extortion, indicted, and convicted; that there is some rank-and-file dissension with the union officials.

Ultimately they kick the local union officials out of office. They vote a new slate in, led by Mr. Daley. The international officers, led by John O'Rourke, are still in opposition to Mr. Daley. They want to support Stickel and Massiello, the ones who have gone to the penitentiary.

So they know and are aware of the fact that an independent union, outside of the Teamsters Union, is set up, and they give their blessings to this independent union that exists in order to take members away from the Teamsters Union.

Did Mr. O'Rourke help or assist in financing this independent operation?

Mr. TOPAZIO. The rank-and-file committee for an election of 445 members had obtained some machinery to turn out leaflets. These leaflets were costly, and we always used to chip in for them. But at the time of the idea of the independent 500 being involved, we were pretty broke, and Mr. O'Rourke gave me \$200 toward expenses for paper and telephone calls and stuff like that we needed to operate.

Mr. KENNEDY. That is Mr. John O'Rourke, who is now a vice president of the International Brotherhood of Teamsters? He gave you \$200 in order to help finance the operation of this independent local which was trying to take membership away from the Teamsters local?

Mr. TOPAZIO. That is right.

The CHAIRMAN. And the trouble in the original Teamster local was that you had some thieves at the head of it?

Mr. TOPAZIO. That is the way it looked, Senator.

The CHAIRMAN. That is the way it was.

Mr. TOPAZIO. That is the way it was found out.

The CHAIRMAN. Yes. All right.

Mr. KENNEDY. And O'Rourke told you at that time that he would take any steps to get rid of that "red-headed son of a"—

Mr. TOPAZIO. That is right.

Mr. KENNEDY. "in Yonkers"?

Mr. TOPAZIO. That is right.

Mr. KENNEDY. Did you attend the Teamsters international convention in Florida?

Mr. TOPAZIO. No, sir.

Mr. KENNEDY. Did Hopkins report to you regarding that convention?

Mr. TOPAZIO. Well, right after the convention, Mr. Kennedy, which was held in 1957, I received a telephone call from Mr. Hopkins, who was the president of local 445, my home local, and he told me that he was in trouble with the rank and file, and he was told by Mr. O'Rourke to contact me and for me to get him a vote of confidence from the members of local 445 explaining why he, Mr. Hopkins, and another business agent of local 445, a Mr. Shaeffer, voted for Jimmy Hoffa and a new slate of vice presidents at this convention in 1957, and that Teddy Daley did not vote for them.

Well, I didn't believe Mr. Hopkins, and I started to realize probably a little later that I was just being one of the dopes in this whole outfit. I took Mr. Hopkins and I told him, "Look, I don't know if you are telling me the truth or not, but let's go down to Johnny O'Rourke's and prove this," and we did.

We went down to Johnny O'Rourke's. Mr. Hopkins picked me up and we went down there. The reason why Mr. Hopkins voted for them was that as president of 445 he was interested in 445, and before he would vote for Hoffa or any of his group he had a problem of up-state—I don't know exactly the town or the county—that a local 269 was infringing on the jurisdiction of 445, and they were raising the dickens with signing up nonunion members at a lower rate, and if these members would stop, if 269 would stop, if the sister Teamster local would stop organizing up there and turn over its members to 445, Jimmy Hopkins would vote for him.

Jimmy Hopkins told me that was done at the convention in Florida, by Mr. O'Rourke, and I don't know the other international official's name offhand.

Mr. KENNEDY. Did Hopkins relate to you that he was approached by Joe Curcio and Jimmy Hoffa in connection with this?

Mr. TOPAZIO. He told me there was somebody campaigning for Jimmy Hoffa. They got to Johnny O'Rourke and Johnny O'Rourke got to whoever was heading 269. I don't remember the names.

Mr. KENNEDY. Did Hopkins relate that he had discussed it with Hoffa himself?

Mr. TOPAZIO. He said Hoffa was there and made sure that this situation was cleared up to get the votes.

Mr. KENNEDY. As background, local 269 was one of the paper locals, involved in the paper local case. What would appear from the testimony is that if this man Hopkins, who was president of local 445, would vote at the convention for Hoffa and the Hoffa slate, then Hoffa and O'Rourke would arrange for some of the members of local 269 to be turned over to local 445 in Yonkers.

On February 24, 1958, you were ordered expelled from the Teamsters Union by the officers of local 445?

Mr. TOPAZIO. That is right.

Mr. KENNEDY. For fostering dual unionism; is that right?

Mr. TOPAZIO. That is, I think, one of the charges.

Mr. KENNEDY. And this conviction was appealed to joint council 16, which was headed by O'Rourke?

Mr. TOPAZIO. That is right.

Mr. KENNEDY. They ordered a new trial; is that right?

Mr. TOPAZIO. That is right.

Mr. KENNEDY. But Mr. O'Rourke at that time knew all about the dual unionism because he had been one of the ones that had made the arrangements with you?

Mr. TOPAZIO. That is right.

Mr. KENNEDY. And helped finance it?

Mr. TOPAZIO. That is right.

Mr. KENNEDY. O'Rourke ordered a new trial. Then local 445 appealed this decision, and two subsequent hearings were held by a three-man panel appointed by Hoffa; is that right?

Mr. TOPAZIO. That is right.

Mr. KENNEDY. On July 1, you were notified that you had been found guilty of dual unionism; is that right?

Mr. TOPAZIO. I don't know exactly. I gave the copy to the committee. I didn't receive it in the mail until I was subpoenaed down here. I walked across the street and got myself a copy of it.

Mr. KENNEDY. The letter from the international went on to state, however, that since you had been deprived of union membership since February 24, 1958, that—

He shall be reinstated into membership; that he shall be ineligible to be a candidate for any office in a local union for a period of 2 years from the date of this decision.

But you were reinstated in the membership of local 445.

Mr. TOPAZIO. Let me remind you, Mr. Kennedy, I have not been working since the last time I faced this committee, and I was naive enough to believe in this constitution, and I think it is very important to this committee. There is a section in here that says that all local unions within the jurisdiction of the joint council shall affiliate with the joint council and comply with its laws and obey its orders.

Johnny O'Rourke, knowing all of this, ordered local 445 to give me another trial. They didn't comply with that. When I appealed further, and I brought it to his attention that I should have had a decision 60 days, I quoted the constitution again, and another article, that in all matters of appeals, decisions will be given within 60 days of the trial.

From February 1958 until yesterday, I was without any kind of a decision from the international, but through at least two hearings, two before an international panel, and one before the joint council.

The CHAIRMAN. You were expelled from the union, were you?

Mr. TOPAZIO. That is right.

The CHAIRMAN. Expelled because you helped set up an independent union?

Mr. TOPAZIO. That is the charge they made.

The CHAIRMAN. But as I understand it, vice president O'Rourke actually helped finance this independent union, did he?

Mr. TOPAZIO. That is right.

The CHAIRMAN. Was he expelled?

Mr. TOPAZIO. No, sir. That is one of the reasons, Senator, that I believe that expulsion has been held up there, because now that I do

become a member I do have the grounds in this constitution to bring the charges up against Mr. O'Rourke.

The CHAIRMAN. Are you going to bring them?

Mr. TOPAZIO. I certainly will.

The CHAIRMAN. I hope you do, if you have any.

I hand you here a photostatic copy of a letter dated July 1, signed by John English, apparently addressed to you. Will you examine it and state if that is a carbon copy or photostatic copy of a letter that you received?

(The document was handed to the witness.)

Mr. TOPAZIO. Mr. Senator, I called my home from downstairs, and my wife notified me that she had received the certified letter. Mr. Tobin, who represents the local department of the Teamsters, handed me this prior to my knowing if there was one home or not. My wife did confirm that she got it. This is his copy.

The CHAIRMAN. Your understanding is that that is a copy of the letter you received dated July 1. You received it in the last 2 or 3 days?

Mr. TOPAZIO. That is right, sir.

The CHAIRMAN. That may be made exhibit No. 57.

(Letter referred to was marked "Exhibit No. 57" for reference and will be found in the appendix on p. 19500.)

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Is there anything further?

If not, thank you very much.

Call the next witness.

Mr. KENNEDY. We are now going to call Mr. Daley, Mr. Chairman, and you will see how this testimony fits into the testimony we have had in connection with the contracts.

The CHAIRMAN. All right, Mr. Daley, come forward.

You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. DALEY. I do.

TESTIMONY OF THEODORE G. DALEY, ACCOMPANIED BY COUNSEL, FRANCIS MARTOCCI

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. DALEY. My name is Theodore G. Daley. I live at Chelsea Hills, Beacon, N.Y. I am secretary-treasurer of Teamsters Local Union 445 in Yonkers, N.Y.

The CHAIRMAN. Do you have counsel?

Mr. DALEY. Yes, sir.

The CHAIRMAN. Counsel, identify yourself for the record, please.

Mr. MARTOCCI. Francis Martocci, 277 Fair Street, Kingston, N.Y.

The CHAIRMAN. Proceed.

Mr. KENNEDY. How long have you been a Teamster Union official, Mr. Daley?

Mr. DALEY. I was elected on December 12, 1955.

Mr. KENNEDY. How long have you been a member of the Teamsters Union?

Mr. DALEY. Since April 8, 1947.

Mr. KENNEDY. Mr. Daley, you are familiar not only with your own contracts but the contracts that are negotiated in the Central Conference of Teamsters dealing with your field?

Mr. DALEY. Yes, I am.

Mr. KENNEDY. You have over-the-road drivers, is that right, in 445?

Mr. DALEY. We have the local cartage people and some over-the-road work.

Mr. KENNEDY. And some local cartage people; is that right?

Mr. DALEY. Mostly local cartage and some over-the-road work.

Mr. KENNEDY. Are the contracts that you have in your local higher than the contracts for the Central Conference of Teamsters that have been negotiated by Mr. Hoffa?

Mr. DALEY. The contracts negotiated in our local unions are one of the three highest ranking in the country.

Mr. KENNEDY. What is the answer to the question, the specific question?

Mr. DALEY. Yes, considerably higher.

Mr. KENNEDY. That the contracts you negotiated are considerably higher than the contracts negotiated in the Central Conference of Teamsters?

Mr. DALEY. Yes, that is right, sir.

The CHAIRMAN. Do you mean higher just on wage rates, or do you mean taking the whole package?

Mr. DALEY. Wages and conditions contained in the contract.

The CHAIRMAN. Taking it both ways, higher wages, and the package contains more; is that right?

Mr. DALEY. Yes, Senator.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Mr. Daley, you have had opposition, have you not, from certain of the international officers of the International Brotherhood of Teamsters over the period since you took over control of local 445?

Mr. DALEY. By just about every one of them.

Mr. KENNEDY. Excuse me?

Mr. DALEY. By just about every one of them.

Mr. KENNEDY. That includes Mr. Hoffa?

Mr. DALEY. Yes, sir.

Mr. KENNEDY. And includes Mr. John O'Rourke?

Mr. DALEY. By all means.

Mr. KENNEDY. Do you feel—and I will get into specifics with you in a moment—do you feel that a good deal of the opposition by the international officers and Mr. Hoffa specifically has been because of your opposition to a contract that was negotiated by him with Anchor Motor Freight?

I will withdraw that question.

Do you feel that the contracts that were negotiated with the Anchor Motor Freight in 1958 by Mr. Hoffa are good contracts?

Mr. DALEY. No, I do not.

Mr. KENNEDY. Do you feel that the opposition from the international officers, which includes Mr. Hoffa and Mr. O'Rourke, that you have received over the period of the past few years has been based at least partially on the fact that you have opposed this contract?

Mr. DALEY. That amongst other things; yes, sir.

Mr. KENNEDY. I would like now to go back in your history, to the background of when you came in and took over the local and what the conditions were at that time, and then gradually get up to the present time and the difficulties that you are now having.

You were elected secretary-treasurer of local 445 in December of 1955?

Mr. DALEY. Yes, sir.

Mr. KENNEDY. Now, the key officials of the local, as we have pointed out, were Lester Stickel and Philip Massiello; is that right?

Mr. DALEY. That is true.

The CHAIRMAN. What is the number of members, approximately?

Mr. DALEY. Approximately 3,000, sir.

Mr. KENNEDY. Now, prior to the time of their conviction for extortion, had you been critical of their operations?

Mr. DALEY. I certainly was.

Mr. KENNEDY. And vocally critical?

Mr. DALEY. Yes, sir.

Mr. KENNEDY. And felt that they should be removed from office?

Mr. DALEY. Yes, sir.

Mr. KENNEDY. Now, during this time of your opposition you were driving a truck, is that right, in 1955?

Mr. DALEY. That is right, the Dorn Transportation Co.

Mr. KENNEDY. During the height of your opposition, did the brakes on your truck give out while going downhill?

Mr. DALEY. No, I lost my complete drive wheels.

Mr. KENNEDY. Will you relate what happened, to the committee?

Mr. DALEY. I left Saugerties, N.Y., about 6 o'clock in the evening of November 15, carrying approximately 30,000 pounds of paper on trailer. I stopped at a diner to eat and have coffee or something with the other fellows at about 6:15 in Kingston, N.Y. Around 6:45 I was going down 9W, to a town called Kripplebush, when all of a sudden all of the wheels left the truck, the drive wheels.

Mr. KENNEDY. In layman's language, what happened? The wheels fell off?

Mr. DALEY. The wheels flew off the truck.

Mr. KENNEDY. All of the wheels of your car?

Mr. DALEY. Just the two drive wheels.

Mr. KENNEDY. One side of your truck?

Mr. DALEY. Yes, sir. Of course, that immediately released the other axle.

Mr. KENNEDY. What happened?

Mr. DALEY. Then the truck went over an embankment and I went over with it.

Mr. KENNEDY. Were you in a hospital after that?

Mr. DALEY. For approximately 2 weeks.

Mr. KENNEDY. Were you incapacitated after you got out of the hospital?

Mr. DALEY. For a year, yes.

Mr. KENNEDY. They made an examination of the truck and the cogs in the truck afterward; did they?

Mr. DALEY. The State police did, yes.

Mr. KENNEDY. Did they find that there had been some tampering or that some of the cogs had been removed?

Mr. DALEY. I spent some time in the hospital, as I stated, and while in the hospital I received threats in the form of a letter, and we called in the BCI, and Mr. Karn, who is head of the BCI at that time, told me that he had contacted the troopers and got a report on the wheels and they were tampered with.

Mr. KENNEDY. Did you determine that you would go ahead with your campaign to oust these officials anyway?

Mr. DALEY. We did.

Mr. KENNEDY. Now, was there going to be a nomination meeting in November of 1955?

Mr. DALEY. On November 14, that was the day prior to my accident, yes.

Mr. KENNEDY. What happened then; was there such a meeting?

Mr. DALEY. We attended a meeting held in Newburgh, N.Y., at the Ironworkers hall, and we were told by John Valentino, a former business agent of this local union, that there would be no nominations that evening because Stickel and Massiello were in jail and were not afforded opportunity to be nominated.

Mr. KENNEDY. So there were no nominations that evening?

Mr. DALEY. No, they closed the meeting advising the membership that nominations would take place on December 12, in Yonkers, N.Y., and we, of course, stayed on to elect what we called—and I would like to clear that up for the record at a later point—the Rank and File Committee of 445.

Mr. KENNEDY. They were nominated in December, then?

Mr. DALEY. On November 14, at that meeting.

Mr. KENNEDY. You nominated them at that meeting?

Mr. DALEY. When the former officials walked out of the meeting, because Stickel and Massiello were not available to be nominated, the membership stayed, and at that point we decided that something had to be done with the situation, and we proceeded to elect a committee which we called the Rank and File Committee of 445.

Mr. KENNEDY. So you nominated a committee at that time?

Mr. DALEY. Yes, sir.

Mr. KENNEDY. Then what happened, what was the next step?

Mr. DALEY. Thereafter we held meetings during that time, between November 14. Of course, the following day I had my accident, and I released myself from the hospital a couple of weeks later, and I continued to muster up this support of the local union membership and hold different meetings in different spots, different parts of the county that we have jurisdiction over.

Mr. KENNEDY. And what happened?

Mr. DALEY. That led up to the December 12 meeting at which they stated there would be nominations.

Mr. KENNEDY. And did you have nominations on December 12?

Mr. DALEY. No, sir. We arrived at the hall in Yonkers, N.Y., and there was a schedule, and we found that the doors were barred with wood and a big sign on the doors, and there would be no meeting for the Teamsters Union this evening.

We, of course, had our attorney present, Mr. Martocci, and after he had conversed with the policemen present at the building, and the owner of the building, he had it opened and we went about our meeting and about the nominating officers, and at that same evening Stickel

and the former regime came into the meeting and attempted to cause considerable trouble, and after the insistence of our attorney that the law enforcement agency do something about it they were told to leave the hall.

The CHAIRMAN. Had they gotten out of jail by that time?

Mr. DALEY. Yes, sir.

The CHAIRMAN. They were out of jail?

Mr. KENNEDY. Temporarily.

Mr. DALEY. Yes, sir.

The CHAIRMAN. When they found out that some of you were going to attend this meeting and make nominations, they put up signs, and bolted the doors, that there would be no meeting?

Mr. DALEY. That is right.

The CHAIRMAN. When you got the meeting hall opened and got entrance to it, then they appeared?

Mr. DALEY. Yes, sir.

The CHAIRMAN. And undertook to obstruct your meeting, or obstruct the meeting?

Mr. DALEY. Yes, sir.

The CHAIRMAN. Proceed.

Mr. KENNEDY. But you went ahead and conducted your nominations anyway?

Mr. DALEY. Yes, sir; and we afforded them the opportunity of nominations, and no one would nominate them.

Mr. KENNEDY. When did you have the election?

Mr. DALEY. It came about the same night, because the slate of officers from the rank and file who were nominated were uncontested.

Mr. KENNEDY. Now Stickel and Massiello refused to give up their positions after that?

Mr. DALEY. They refused to recognize our election.

Mr. KENNEDY. And there was a long legal proceeding which ultimately resulted in the court's upholding the fact that you were the legally elected officers as of December of 1955?

Mr. DALEY. Yes; a year of litigation followed.

Mr. KENNEDY. During this same period of time, these negotiations that we have been discussing this afternoon were taking place; is that right? That is in connection with truckaway-driveaway.

Mr. DALEY. Yes, sir.

Mr. KENNEDY. And they started in late 1955 and early 1956?

Mr. DALEY. Yes, sir.

The CHAIRMAN. Did the legal action result from this meeting at which you were elected?

Mr. DALEY. Yes, sir.

The CHAIRMAN. You had court proceedings and litigation about it?

Mr. DALEY. Yes, sir.

The CHAIRMAN. And your group was finally declared by the court to be the legally constituted officers of the local?

Mr. DALEY. Yes, Senator.

Mr. KENNEDY. Now the negotiations on behalf of your union were carried out by Lester Stickel, is that right, in late 1955 and early 1956?

Mr. DALEY. Yes, sir.

Mr. KENNEDY. Even though you people had been elected?

Mr. DALEY. Yes, sir.

Mr. KENNEDY. And, in fact, Lester Stickel signed a contract with Anchor Motor Freight in March of 1956; is that right?

Mr. DALEY. Yes, sir.

Mr. KENNEDY. Now had he submitted the contract to the union membership during this period of time?

Mr. DALEY. Yes; he did, several times.

Mr. KENNEDY. And the contract was submitted first on February 10, 1956, and the vote was 154 to reject and 60 to accept; is that right?

Mr. DALEY. That is what the men tell me.

Mr. KENNEDY. And then it was submitted again on March 3, 1956, and the vote to strike was 107, and 93 not to strike?

Mr. DALEY. Yes, sir.

Mr. KENNEDY. And despite this, on March 14, 1956, Lester Stickel signed the agreement?

Mr. DALEY. Yes, sir.

Mr. KENNEDY. Now, the international officers and Mr. John O'Rourke, weren't they aware of the fact that Lester Stickel was no longer an officer of this local?

Mr. DALEY. They were aware of that fact, and also of the fact that the membership of Anchor Motor Freight did not wish to have them represent them, at the same time.

Mr. KENNEDY. They did not want Lester Stickel to represent them in the negotiations; is that right?

Mr. DALEY. Yes, sir.

Mr. KENNEDY. Nevertheless, they went ahead and signed the contract—Lester Stickel signed on behalf of the local union despite this record?

Mr. DALEY. Yes, sir.

The CHAIRMAN. If he wasn't an officer, and he had been displaced as an officer, had the local in any way authorized him to become its negotiating representative?

Mr. DALEY. In no way, sir.

The CHAIRMAN. He was just undertaking to exercise the authority he formerly had when he was an officer?

Mr. DALEY. Yes, sir.

The CHAIRMAN. But doing that contrary to the expressed wishes of the union, of the local; is that correct?

Mr. DALEY. That is correct, sir.

Mr. KENNEDY. Did you understand that Mr. O'Neill went to the eastern conference of Teamsters and was told that it was proper for them to negotiate the contract with Stickel? Did you understand that?

Mr. DALEY. I knew it was Mr. O'Neill's position, and he stated it to me personally.

Mr. KENNEDY. That he had gone to the eastern conference, and they had stated that it was perfectly proper procedure for them to negotiate with Stickel?

Mr. DALEY. The eastern conference had sent in some officials in the local 445's jurisdiction with regard to this dispute because the men had a spontaneous walkout down there because they rejected the fact

that Stickel was negotiating their contract, and they wanted the representation of the newly elected officers.

The CHAIRMAN. Was this negotiation right after he had gotten out of jail or just before he went to jail?

Mr. DALEY. Just prior to going to jail, sir.

Mr. KENNEDY. During the same period of time, the joint council election was taking place; is that right?

Mr. DALEY. That is true.

Mr. KENNEDY. And Mr. John O'Rourke was trying to have Mr. Stickel and Mr. Massiello recognized as delegates from local 445 in the joint council election?

Mr. DALEY. That is true.

Mr. KENNEDY. This was opposed by you and your group, and ultimately your position was confirmed in the court; is that right?

Mr. DALEY. Stickel certified in the case, *Lacey v. O'Rourke*, in New Jersey, in which I took an active part, that certain members or certain business agents of our local union were in fact officers when they were not. They were not entitled to vote in that election. That eventually resulted in Paul Murray making a decision and ruling out those votes.

Mr. KENNEDY. Were you satisfied with this contract negotiated with Anchor Freight in 1955?

Mr. DALEY. In no way, sir.

Mr. KENNEDY. Was the membership dissatisfied with the contract?

Mr. DALEY. When you say, Mr. Kennedy, "was I satisfied," I have to reflect the thinking of my people. My people weren't satisfied, and I couldn't be satisfied.

Mr. KENNEDY. Did Mr. O'Neill at that time make any statement about his relationship with Mr. Hoffa?

Mr. DALEY. I believe you are referring to the question you asked earlier of Mr. O'Neill while I was in this room. Mr. O'Neill did not state that to a Teamster official as you stated it to Mr. O'Neill. He stated it in the presence of a Teamster official, myself. He stated it to John Gimbicolo, an employee of Anchor Freight, and to Thomas Julian, a shop steward and employee of Anchor Freight, a member of our local union.

Mr. KENNEDY. Were you present?

Mr. DALEY. There was a strike taking place, as I have already told you, over the fact that they didn't want Stickel to represent them, and I was present and I was called upon to come down and represent the men, and P. J. O'Neill, who testified here earlier, refused to recognize me; however, in refusing to discuss anything with me, he, of course, made several attempts to talk to the men out at the picket line, and this is in one of the conversations he had with the men on the picket line, this statement was made.

Mr. KENNEDY. What was the statement?

Mr. DALEY. He advised the two fellows, Gimbicolo and Julian, that his uncle had made the eastern conference of Teamsters and that he had Hoffa in his back pocket.

Mr. KENNEDY. Did he refer to his uncle or to himself?

Mr. DALEY. That he had Hoffa in his back pocket. I later repeated these statements to Flynn and Hoffa.

Mr. KENNEDY. What was Mr. Hoffa's reaction?

Mr. DALEY. First I repeated them to Mr. Flynn in his Washington office, and his reaction was that P. J.'s old man ought to buy him a big yacht and a bad girl and send him on an extended trip around the world.

I told Mr. Hoffa of it and he immediately told me he would straighten him out, and he took me into his office and they had a conversation and he came out and he said, "I will guarantee you he is straightened away."

Mr. KENNEDY. That was the end of it?

Mr. DALEY. Yes, sir.

Mr. KENNEDY. He didn't straighten him out in front of you, anyway?

Mr. DALEY. No.

Mr. KENNEDY. Now in February of 1957 Chester Fitzpatrick, who had been the business agent of local 170 in Framingham, Mass., of the Teamsters local, became the labor relations director of Anchor Motor Freight Co.

Mr. DALEY. That is right, sir.

Mr. KENNEDY. And on March 8, 1957, Fitzpatrick, as a company official, filed a grievance against local 445.

Mr. DALEY. Yes, sir.

Mr. KENNEDY. On what basis?

Mr. DALEY. The agreements involving the penny a mile and their interpretation of the penny a mile in the contract.

Mr. KENNEDY. What was the "penny a mile"?

Mr. DALEY. There was a serious dispute between the local union and the company over that particular matter.

Mr. KENNEDY. It states here in the contract:

In addition to the above basic rates, add 1 cent per mile from December 1 through April 30.

Mr. DALEY. That is exactly what it means.

Mr. KENNEDY. What was the dispute with the company?

Mr. DALEY. The company was to add 1 cent a mile during those months specified in that agreement to compensate a driver for the fact that he could not make as good time in the winter months as he could in the summertime.

The CHAIRMAN. That was winter pay?

Mr. DALEY. Winter mileage pay.

Mr. KENNEDY. What position did he take—Fitzpatrick?

Mr. DALEY. Well, they took the position that this compensated the driver—the penny a mile compensated the driver for the fact that even if he was broke down, 3 or 4 or 5 or 6 or 10 hours, and still compensated him for that.

Mr. KENNEDY. They said this covered breakdown pay; is that right?

Mr. DALEY. That is right.

Mr. KENNEDY. Snow and ice and breakdown pay?

Mr. DALEY. That is right.

Mr. KENNEDY. Of course, nothing in the contract indicates that it was in lieu of breakdown pay?

Mr. DALEY. There is nothing anyplace that would indicate that.

Mr. KENNEDY. And it states specifically in the contract where there is a breakdown, that you get paid for that; does it not?

Mr. DALEY. That is right.

Mr. KENNEDY. And their position in 1957, through Mr. Fitzpatrick, was that this cent more during the period of December 1 through April 1 was in lieu of the breakdown pay, instead of the breakdown pay?

Mr. DALEY. Yes, sir.

Mr. KENNEDY. Did they pay you, however, during 1957, the 1 cent more per mile?

Mr. DALEY. They did, sir.

Mr. KENNEDY. Then in 1958 did this question arise again?

Mr. DALEY. In 1958 it came up during negotiations, of course.

Mr. KENNEDY. Had they paid it after December 12, 1957, this cent? (The witness conferred with his counsel.)

Mr. DALEY. That, of course, is the date on which the local union took strike action against this company, December 12, 1957.

Mr. KENNEDY. Why did you take strike action against the company?

Mr. DALEY. We had been—well, to give you a good picture of it, Mr. Kennedy, the company made a demand on the local union to put into effect some rules and regulations governing the operation at Tarrytown, N.Y., and after our first meeting with the company the local union took the position that the past practices of the company have prevailed, and of course they are protected with the maintenance of standards, and that these were the conditions under which this company had operated in the past for 20 years, and we in no way intended to sit down to bargain to negotiate or change them until the contract had expired, and that he had negotiated this contract with Lester Stickel and if he wanted any of these things that he mentioned, including starting time, the right to maintain his equipment in a certain spot, that he should have attempted to negotiate them with Lester Stickel at the time the contract was negotiated over the objections of the people.

Mr. KENNEDY. So what was the result of that? You went on strike?

Mr. DALEY. Well, there were a series of meetings at which we had our attorney present at most because they had their attorney, Carney Matheson, present, and it resulted in our breaking up in no agreements and going to Washington, where Tom Flynn designated Larry McDermott to come in to the Yonkers area, to Anchor Motor Freight's place, and we both agreed, the company and the union, at that time, to allow McDermott to analyze the situation for 10 days and make recommendations to either party.

During the same 10 days the company instituted a relay in violation of our agreement in Washington. The eastern conference was notified of it. McDermott was supposed to make a report. They did absolutely nothing.

On the evening of December 12, we had been negotiating all day on a 14- or 15-point proposal in an attempt to give this company in good faith something which we thought they were honestly after. However, we called our attorney from Kingston to come down and put it into writing and when he got there we started to write out the agreements we had reached during the day.

We had already agreed to pay our men money for waiting time, which had been agreed to that morning, but which, when the pay-

checks went out in the afternoon of the same day, there was a note attached to each check advising our people that the company refuses to pay it.

McDermott argued with Mr. Fitzpatrick, who at that time we were negotiating with, and argued that he had previously promised to pay this money, that they had always paid it in the past, and that he could see no reason why they shouldn't pay it now, and his recommendation would be to Flynn that you certainly couldn't do business with this company.

Close to midnight of that evening McDermott became disgusted, and certainly the local union officials were disgusted because they were then retracting all the agreements they had made earlier during the day. McDermott stood up and told me that, "There is certainly nothing you can do with this company. You know what the next step is that is to be done, and I am going to make a report to Flynn's office that you cannot negotiate with this company; you have to take action against them." At that time we put them on strike.

Mr. KENNEDY. You went out on strike?

Mr. DALEY. Yes, sir.

Mr. KENNEDY. Did the international union in fact support you after you went out on strike?

Mr. DALEY. They did not, sir. In fact, right after making that statement, right after me ordering a strike, which I felt that after all we had brought McDermott in there and had both agreed to accept his recommendations, he stood up and said, "I withdraw. Eastern conference officials withdraw from this argument."

Mr. KENNEDY. They withdrew after that?

Mr. DALEY. That is right.

Mr. KENNEDY. What happened so far as your strike was concerned?

Mr. DALEY. Well, of course, there was litigation involved there, too.

Mr. KENNEDY. And did the courts ultimately hold that you should not have gone out on strike?

Mr. DALEY. We had breached the contract.

Mr. KENNEDY. That you had breached the contract by going out on strike?

Mr. DALEY. Yes, sir.

Mr. KENNEDY. That this should have been handled as a grievance rather than for nonpayment of wages? Under the contract, if there is nonpayment of wages—

Mr. DALEY. Our contract was clear. It was article VI of the eastern conference and truckaway agreement that said specifically that the union reserves the right to strike if the employer fails to pay wages, health and welfare, and pension benefits.

Mr. KENNEDY. And you people felt that the failure of the company to pay the breakdown—

Mr. DALEY. To the employees after they had laid out on the roads on a breakdown as wages. They were earning that money.

Mr. KENNEDY. The court held that these were not wages, that it should have been handled as a grievance; is that correct?

Mr. DALEY. The court held that it was an unlawful strike.

Mr. KENNEDY. Was that the basis of their decision? You could strike without going through a grievance procedure if it was a strike based on nonpayment of wages; and you felt that the fact that they

did not pay the breakdown and the layover out on the road was non-payment of wages so, therefore, your strike was legitimate.

The company held that this was not; that it should have been handled as a grievance, and the court upheld the company ultimately; is that right?

Mr. DALEY. Yes, sir.

Mr. KENNEDY. At the beginning the company was going to take action against both the local union and the international union; is that right?

Mr. DALEY. They were supposed to.

Mr. KENNEDY. Did they, in fact, only take action against your local union?

Mr. DALEY. To the best of my knowledge, they took action against no one but me.

Mr. KENNEDY. What is the significance of that, so far as you are concerned?

Mr. DALEY. I think my attorney would be in a better position to answer any questions like that.

(The witness conferred with his counsel.)

Mr. KENNEDY. I mean, do you feel that this is once again an incident that shows the relationship that existed—or close relationship that existed—between the company and the eastern conference officials and the international officials?

Mr. DALEY. Well, yes, we do, Mr. Kennedy, and the reason we feel it is that they sued myself, the eastern conference, and the international for a half million dollars in damages, yet have not taken any action against the eastern conference or the international or this local, for that matter.

Mr. KENNEDY. Did the company start rehiring the drivers that they had fired? They fired the drivers; is that right?

Mr. DALEY. The company fired the drivers after the decision of Justice Ager.

Mr. KENNEDY. You are appealing that decision, are you not?

Mr. DALEY. That is right. And I think that was done on a Thursday or a Friday, and they immediately notified the drivers that they would be available to take applications from the drivers for reemployment on Saturday.

They refused to hire anyone who failed to state on their application for reemployment that they were discharged for an illegal strike. We advised our members not to put that down until it was finally determined by the court of appeals.

When our members began calling in to the union hall, speaking with me and the business agents involved, asking us whether they should put that down, we first advised them not to. We received later calls during the day that they were not hiring those people who failed to put that down.

We then, of course, advised them to put it down, over a personal protest.

Mr. KENNEDY. Is that called a yellow-dog contract?

Mr. DALEY. No. The yellow-dog contract was never put into effect.

Mr. KENNEDY. Did they try to put a yellow-dog contract in?

Mr. DALEY. They did. When Justice Bailey was about to sign his order, the night before we came into possession of the yellow-dog con-

tract of Anchor Motor Freight, which the company intended to have the employees sign under threat of discharge, or discharge and reinstate them if they would sign, that set forth the conditions that the company wished to obtain, through us, which we would not give them until this contract expired and negotiated them in good faith.

Mr. KENNEDY. It gave the prerogative to management completely to set conditions outside the terms of the contract?

Mr. DALEY. Absolutely. But we had come in contact with that. We took it into the judge's chambers. Mr. Martocci was present. He advised the judge that in his order there was a provision for rehiring.

Justice Bailey struck that part out about the reprisal and put in a provision that there would be no reprisal.

Mr. KENNEDY. So the employees went back to work, but they had to sign the agreement that they had gone out on an unauthorized or illegal strike. This comes up to 1958, does it not?

Mr. DALEY. Yes, sir.

Mr. KENNEDY. Starting then, were there negotiations taking place for the 1958 contract?

Mr. DALEY. Yes, sir.

Mr. KENNEDY. On the truckaway-driveaway; is that right?

Mr. DALEY. That is right.

Mr. KENNEDY. Did you have great difficulty in reaching any agreement with Anchor Motor Freight and Mr. Matheson at that time?

Mr. DALEY. Well, to tell this story properly, and I am not trying to amass any information, because this has been my experience with Anchor Motor Freight, based upon the demand placed upon me by my people. I represent those people and they are dues-paying members of my local union. I am not going to do a damn thing that they don't want me to do.

I don't care who insists that it be done. It won't be done if my people don't want it done. When we first went into negotiations, all of the local unions talked about disaffiliating with the eastern conference. After a third discussion on the matter, we found this could not be done under the interpretation of the international constitution, so we decided then to stick together and fight the battle out.

We were better off sticking together, the local unions involved, and fighting the company than it was to be split up and fighting both the eastern conference and the company. So we negotiated for some time in New York City, of course, and the negotiations were subsequently moved to Washington, D.C., where they once again split up over the insistence of the company to institute their interpretation of the strike clause, their management prerogative clause, and several other clauses they were attempting to put into the contract, which Mr. Matheson testified here today they achieved, under questions asked by Senator McClellan.

Mr. KENNEDY. How were they able to achieve it? Were all the local unions in the East opposed to it?

Mr. DALEY. Well, of course, our major breakdown came in the Mayflower Hotel here in Washington.

Mr. KENNEDY. In answer to my question, were all the local union officials and members opposed to it?

Mr. DALEY. Absolutely.

Mr. KENNEDY. Then how were they able to achieve it?

Mr. DALEY. Through subsequent negotiations.

Mr. KENNEDY. With whom were the subsequent negotiations?

Mr. DALEY. Those are the negotiations that James R. Hoffa conducted.

Mr. KENNEDY. So he came in and took over the negotiations on behalf of the union?

Mr. DALEY. Sometime after the eastern conference convention in September, held in Atlantic City, N.J., at the convention Hoffa called us upstairs and told us that he was going to enter into negotiations.

We were called to Washington headquarters some time, I believe, in October. From there on he led the negotiations; yes, sir.

Mr. KENNEDY. Did you lose all of the clauses in the contract that you were fighting for? I think Mr. Matheson stated or Mr. O'Neill stated this morning that they got virtually what they were trying to get.

Mr. DALEY. I will concur in that.

The CHAIRMAN. Let me ask you something. Can the international president or the president of a conference just take over the negotiations from a local if the local does not want it to?

Mr. DALEY. Apparently so, Senator.

The CHAIRMAN. I mean under the constitution, can they just walk in anytime and say, "You don't know what you are doing. We are going to take over this negotiation and make a contract for you." Can they do that?

Mr. DALEY. I will concede that the international constitution gives the international president that power.

The CHAIRMAN. Sir?

Mr. DALEY. I will concede that the international constitution does give the general president of the Teamsters Union that power at the present time.

The CHAIRMAN. He does have that power?

Mr. DALEY. He has absolute power to interpret the constitution as he sees fit.

The CHAIRMAN. If you and your local, you and your people, if you are holding out for certain provisions in a contract, the president of the international can move in and say "Move aside, I am going to make a contract for you. We are not going to put that in it," and then he signs it. You are bound by it?

Mr. DALEY. That is what happens, sir.

The CHAIRMAN. You are bound by it?

Mr. DALEY. Yes, sir.

The CHAIRMAN. That is a kind of dictatorship, is it not?

Mr. DALEY. Well, of course, it is submitted to the membership for a vote of approval. We have no way of telling how the other local unions voted in that unit. We don't know what pressures were used, if any, to make the other people vote for a contract which we may have not wanted in Yonkers, N.Y.

The CHAIRMAN. Then you were bound together. You had how many locals negotiating?

Mr. DALEY. There were six local unions, sir.

The CHAIRMAN. You don't know what the other five did?

Mr. DALEY. No.

The CHAIRMAN. You just know your people didn't want it?

Mr. DALEY. That is right, sir.

The CHAIRMAN. And you were bound by what the other five did?

Mr. DALEY. Absolutely.

The CHAIRMAN. That modifies it some. But what I was trying to ascertain was can the president of an international, particularly your international, the Teamsters, just move in any time negotiations are going on between a local or a half dozen locals and some employer and take charge of the negotiations and make such contracts as he desires? You say he can do that?

Mr. DALEY. If I may, I would like to answer it in this way, Senator: It has been done. We had applied previously, based upon the vote of the membership, the unanimous vote, by the way, of all local unions, to turn this contract down. We applied for strike sanction to the joint council, as is customary under the international constitution, and to the Eastern Conference of Teamsters. When we met here in Washington and all local unions joined in an oral request of Flynn as to why the strike sanction was not granted yet, Flynn told us it will not be granted, that James Hoffa is going to come in and conduct the negotiations.

The CHAIRMAN. All right. Proceed.

Mr. KENNEDY. As a practical matter, Mr. Hoffa would have such connections and contacts in these various locals that it would be virtually impossible to oppose him if he wanted the contract accepted; isn't that correct, Mr. Daley?

Mr. DALEY. Mr. Kennedy, James R. Hoffa is the general president of the International Brotherhood of Teamsters, and it is absolutely impossible to say that he doesn't have this power at the time.

The CHAIRMAN. Is that too much or too little power for an international president?

Mr. DALEY. It is all according to how it is administered, sir. I can tell you this very honestly. The Eastern Conference of Teamsters could probably result in being something damn well worth while, with the proper administration.

The CHAIRMAN. With the proper administration?

Mr. DALEY. Provided the people in the local unions involved, the members I am talking about, were allowed——

The CHAIRMAN. You can use absolute power for good, but often there is a temptation to use it for evil.

Mr. DALEY. The administration, sir, that is what counts.

The CHAIRMAN. I know.

Senator ERVIN. Don't you agree that in the long run the only wise course for a union to take is to try to carry out the will of the local, that being the only wise thing for an international officer to do?

Mr. DALEY. Sir, I have negotiated, I would dare say, offhand, in the last couple of years, approximately 150 contracts for a large amount of people, and I have never signed it without the majority vote of my people. I absolutely refused up until this contract was signed, any contract in my local unless it was ratified by my people.

Senator ERVIN. That is the only democratic way to do it, is it not?

Mr. DALEY. In my book it is.

Mr. KENNEDY. So there was dissatisfaction among the delegates trying to conduct the negotiations, with Mr. Matheson on behalf of the employers, and finally the locals affected took an almost unanimous strike vote, did they not, decide they would strike?

Mr. DALEY. That is right.

Mr. KENNEDY. You had been assured that you would get strike sanctions from Joint Council 16 and from the Eastern Conference of Teamsters, initially?

Mr. DALEY. We were told by John O'Rourke in the meeting we had in Atlantic City during the convention, we met upstairs at the request of James Hoffa, he made the statement in the meeting that as far as the local unions in New York he was in full accord, that he agreed they should be given strike sanction.

Mr. KENNEDY. Then it happened that you did not receive the strike sanction in the mail?

Mr. DALEY. We were later told in Washington, D.C., by Flynn, that we would not receive the strike sanction.

Mr. KENNEDY. What reason did he give you at that time?

Mr. DALEY. I don't think he gave any reason.

Mr. KENNEDY. Did he say—

Mr. DALEY. That James R. Hoffa was going to come into negotiations.

Mr. KENNEDY. Did he say that the little man doesn't want a strike?

Mr. DALEY. Yes; I believe that was part of the discussion.

Mr. KENNEDY. And the little man was Mr. Hoffa; is that right?

Mr. DALEY. As we know him.

Mr. KENNEDY. That is what he calls him generally; is that it?

Mr. DALEY. Yes, sir.

Mr. KENNEDY. Then he called you all in and conducted the negotiations, and the contract was finally signed as you have described it here?

Mr. DALEY. Yes, sir.

Mr. KENNEDY. During this period of time you were being harassed not only in the manner which you have described, but also by these problems and difficulties that you had with Mr. Topazio? Was he causing you difficulty in the local union?

Mr. DALEY. Yes, sir; and I might add from what I heard here today Mr. Topazio wouldn't be the only one bringing charges against Mr. O'Rourke.

Mr. KENNEDY. Did you know at the time that this local union was set up to try to take away your membership in the Teamsters Union, that it was at least in part financed by Mr. O'Rourke?

Mr. DALEY. It is ironic to know the whole story. When we preferred charges against Topazio, Joe Cavanaugh, and a former business agent of this local union, John Valentino, for the same thing, at all times, when they appealed their decision to the executive board they were all expelled, and we had to go before the person who I now find out was supporting them financially, as a judge.

Mr. KENNEDY. What is your opinion where a Teamsters International officer is financing a local union which is trying to take membership away from a Teamsters local union?

Mr. DALEY. My opinion is that he should be brought up on charges and thrown out of the International Brotherhood of Teamsters on the same grounds that we expelled the other people on.

Mr. KENNEDY. Do you plan to bring charges against John O'Rourke to expel him from the union?

Mr. DALEY. I certainly intend to call a meeting of my executive board when I get back, and take a transcript of this hearing back. There is no question about it.

Mr. KENNEDY. Under the Teamsters constitution, is he liable? Is this grounds for expulsion from the International Brotherhood of Teamsters?

Mr. DALEY. It is, unless he makes an appeal.

Mr. KENNEDY. But there have been individuals who have been expelled for this reason, have there not?

Mr. DALEY. This, in my estimation, is a cardinal sin in the labor movement. This is the worst type.

The CHAIRMAN. That is a rollcall vote in the Senate, and by the time we go and vote and return—in fact, when we go to vote for one, we may find we have to wait for a second vote. In view of the situation and the lateness of the hour, I think it advisable to recess until in the morning.

The committee will stand in recess until 10 o'clock in the morning.

(Members of the select committee present at the taking of the recess: Senators McClellan and Ervin.)

(Whereupon, at 4:03 p.m., the select committee recessed, to reconvene at 10 a.m., Wednesday, July 8, 1959.)

INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

WEDNESDAY, JULY 8, 1959

U.S. SENATE,
SELECT COMMITTEE ON IMPROPER ACTIVITIES
IN THE LABOR OR MANAGEMENT FIELD,
Washington, D.C.

The select committee met at 10 a.m., pursuant to Senate Resolution 44, agreed to February 2, 1959, in the caucus room, Senate Office Building, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator John F. Kennedy, Democrat, Massachusetts; Senator Sam J. Ervin, Jr., Democrat, North Carolina; Senator Homer E. Capehart, Republican, Indiana; Senator Barry Goldwater, Republican, Arizona.

Also present: Robert Kennedy, chief counsel; Paul J. Tierney, assistant counsel; Arthur G. Kaplan, assistant counsel; Walter J. Sheridan, investigator; Pierre E. G. Salinger, investigator; George H. Martin, investigator; Sherman S. Willse, investigator; and Ruth Y. Watt, chief clerk.

The CHAIRMAN. The committee will be in order.

(Members of the select committee present at the convening of the session were Senators McClellan, Kennedy, and Capehart.)

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Mr. James Luken.

The CHAIRMAN. Do you solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. LUKEN. I do.

TESTIMONY OF JAMES T. LUKEN, ACCOMPANIED BY COUNSEL, BENJAMIN GETTLER

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. LUKEN. My name is James Luken. I live at 8376 Danbury Street, Cincinnati, Ohio, and am president of the Milk Drivers Union in Cincinnati, and also president of the Teamsters Joint Council of Cincinnati.

The CHAIRMAN. Thank you very much.

You have counsel. Mr. Counsel, identify yourself for the record.

Mr. GETTLER. My name is Ben Gettler, attorney, 1505 Fountain Square Building, Cincinnati, Ohio.

Mr. KENNEDY. You are the president of the joint council there?

Mr. LUKEN. Yes, sir; since 1955.

Mr. KENNEDY. What number is that?

Mr. LUKEN. Joint Council No. 26.

Mr. KENNEDY. And you are president of what local?

Mr. LUKEN. Local 98, president of Local 98, Milk Drivers Union.

Mr. KENNEDY. How long have you been in the Teamsters, Mr. Luken?

Mr. LUKEN. I have been a milk driver since 1941, and I have been an official of the union since August 1, 1949.

Mr. KENNEDY. How many members are in your local?

Mr. LUKEN. In the local, 2,300.

Mr. KENNEDY. How many locals are there in the joint council?

Mr. LUKEN. Twelve.

Mr. KENNEDY. Now, when did you first become an official of the joint council?

Mr. LUKEN. In February of 1954, I was elected to a position referred to as trustee and executive board member. In February of 1955, I was elected president.

Mr. KENNEDY. Now, you are familiar with Mr. William Presser, and you know Mr. Presser?

Mr. LUKEN. I am familiar with Mr. William Presser.

Mr. KENNEDY. You have known him for some period of time?

Mr. LUKEN. Since May of 1954.

Mr. KENNEDY. When you became an officer of the joint council originally, in 1954, did a representative of Mr. Presser come to visit you, or did he send a representative into the Cincinnati area?

Mr. LUKEN. At that time, or around that time, he sent in a Mr. Harvey Friedman, and he sent him in as an official of the jukebox local, now defunct, local 122. He was Mr. Presser's brother-in-law, I believe.

Mr. KENNEDY. I believe the record shows that he was and is his brother-in-law.

What was he to do in Cincinnati, as you understood it?

Mr. LUKEN. Ostensibly he came in as secretary-treasurer and business manager of a local, although he had never been a member of the local.

The CHAIRMAN. What local was that?

Mr. LUKEN. Local 122, the jukebox local.

The CHAIRMAN. It is now defunct, you say?

Mr. LUKEN. Yes, sir.

Mr. KENNEDY. Is that one of the locals where they paid dues of \$50 or so, and they had 100 members?

Mr. LUKEN. I believe actually the members paid no dues, and the employer sustained the local. The membership was more or less, as far as the individuals were concerned, they had no real association with the union. It was a per capita thing, based on the machines in operation, and so on. It ran something like \$50 a month.

The CHAIRMAN. It was kind of a monopoly protection arrangement; is that what it amounted to?

Mr. LUKEN. I believe it was really an adjunct to the dealers' association, and the term "union" would be a misnomer and should not be used.

The CHAIRMAN. There wasn't a thing in the world that served the interest of the laboring man, was there?

Mr. LUKEN. To the best of my knowledge, sir, there was no contract, no benefits of membership, and simply an arrangement whereby they could control the stops and keep them with companies of the association, or something to that effect.

The CHAIRMAN. That is in furtherance of a monopolistic control.

Mr. LUKEN. I am not an expert on monopolistic control, but it would appear to be that.

The CHAIRMAN. It was to keep some out and keep others in?

Mr. LUKEN. I would say it would keep some in and it has the effect of keeping some out.

The CHAIRMAN. That is a kind of monopolistic control, I would say, wouldn't you?

Mr. LUKEN. Yes, sir.

Mr. KENNEDY. Now, under the Teamsters constitution, that is permissible, to send an official in like that and make him head of a local union?

Mr. LUKEN. To the best of my knowledge, it is and has always been a requirement that you be a member of the local union for 2 years before you could be an official.

It seems as if in Ohio these rules only apply to certain people, and to other people they do not apply.

Mr. KENNEDY. The constitution is applied only when it will help or assist those in positions of power?

Mr. LUKEN. If it was me, I would have been ineligible, but if it was Mr. Presser's brother-in-law, he was eligible.

Mr. KENNEDY. Did you draw the attention of the joint council to that?

The CHAIRMAN. Blood is stronger than constitutional provisions then?

Mr. LUKEN. I would say that the analogy would be that government by men sometimes supersedes government by law.

The CHAIRMAN. That is where blood superseded the constitutional provisions, too, is it not?

Mr. LUKEN. In this case I think it was "blood-in-law."

The CHAIRMAN. That is blood and law, dictatorial law?

Mr. LUKEN. I said "blood-in-law," a relative-in-law and not a direct relative.

The CHAIRMAN. I think we have a fairly vivid description of it.

Mr. KENNEDY. Did you draw attention to this in the joint council?

Mr. LUKEN. In the joint council meeting, the local which I represented through me protested that we did not think Mr. Friedman was the proper kind of character to be a union official. We saw no evidence of his credentials, and we felt he should be at least excluded from the joint council proceedings, and we are not in a position to exclude him from the local itself, because as I said, there were no members, and so we tried to exclude him from the joint council. At that time the council president was Mr. Starling, who shall we say, took suggestions rather readily, and he ruled us out of order and we were not able to succeed in our point at that time.

Mr. KENNEDY. You did not succeed?

Mr. LUKEN. Not at that time.

Mr. KENNEDY. What happened to Mr. Friedman? Did he remain a union official?

Mr. LUKEN. He eventually left town.

Mr. KENNEDY. Where did he go?

Mr. LUKEN. The Ohio State Penitentiary.

Mr. KENNEDY. For what reason?

Mr. LUKEN. It was something to do with accepting money from employers or false affidavits, and I am not sure of the exact reason, or the exact technical charge. He was convicted in the local courts, and he left town, and I think on a 1-to-10 sentence in the Ohio State Penitentiary.

Mr. KENNEDY. Did you have any conversation at that time with Mr. Hoffa in view of your opposition to Mr. Friedman and Mr. Presser?

Mr. LUKEN. I think that I have indicated I was disturbed by what appeared to be happening, and it was being done ostensibly in Mr. Hoffa's name. So I felt it incumbent upon myself to find out whether that was with his authorization or not.

So at the time of the formation of the Central States Conference, at my request I made an appointment with Mr. Hoffa whom I did not know, and asked if these people were truly his representatives.

He told me that if I wanted to get along in the Teamsters in Ohio I should take my orders from Mr. Presser, that Mr. Presser was his man, and that was the way it was, and that is the way it was going to be.

Mr. KENNEDY. How long ago was this?

Mr. LUKEN. At the time the Central Conference meeting was held, in the spring of 1954.

Mr. KENNEDY. And have you taken your instructions from Mr. Presser since that time?

Mr. LUKEN. Have I? No, sir; I wouldn't say I have.

Mr. KENNEDY. Did you have some disputes with Mr. Presser in 1954 and 1955?

Mr. LUKEN. Well, the next day, after Mr. Hoffa told me that he was his man, Mr. Presser came into a meeting in which I was attending, a council board meeting, and he told me if I didn't do what I was told he would come into the barns in Cincinnati and break up my local.

The CHAIRMAN. Come into what?

Mr. LUKEN. Come into the barns; that is a terminology we use and it goes back to the old horse days, when a teamster originated from a barn. Today it is the same inference as to the places of employment of the members of the union, and in other words, they would send people to the companies where our people work and break up our union.

Mr. KENNEDY. So what steps did you take?

Mr. LUKEN. Well, I reported it to the people that I was associated with in Cincinnati, and we took what steps we thought were adequate to see that that did not happen.

Mr. KENNEDY. What were they?

Mr. LUKEN. I think that they involved a lot of endless steps on advice of counsel, so that in the event Hoffa or Mr. Presser attempted to take over our local union, he would not succeed. We tried to arrange it so our finances were not such that they could be tied up or

encumbered, and our members were informed and a vote was taken, I would say in about five different meetings, once a year since then, authorizing the officers of the local union to take whatever action their legal counsel decided was necessary to see that we were able to make local control by the local elected officials of our local union.

The CHAIRMAN. Have you been successful in that?

Mr. LUKE. I am still here.

The CHAIRMAN. And you have been under this pressure all of the time, as I understand it.

In other word, you felt it necessary and imperative that you take these precautionary measures and be alert to the situation at all times in order to stay in existence?

Mr. LUKE. I have spent probably two-thirds of my time in the last years protecting my rear against union officials rather than fighting employers, which I am paid to do.

The CHAIRMAN. I see.

Senator KENNEDY. Mr. Luken—

Senator CAPEHART. Did you say that you were paid to fight employers?

Mr. LUKE. That is a cliché. I am paid to represent our members and our members' interest are often adverse to those of the employers, and therefore, I am paid in a sense to fight the employers. It is a cliché. Maybe I put it in a wrong sense. I am paid to represent the interests of our members in bargaining.

Senator CAPEHART. You said you were paid to fight employers.

Senator KENNEDY. I thought he just straightened it out. I was addressing the witness, and would the Senator wait until I finish?

Senator CAPEHART. You go ahead, and then I will go ahead.

The CHAIRMAN. Proceed, Senator Kennedy.

Senator KENNEDY. Mr. Luken, are there very extensive steps which Mr. Presser or a comparable authority is able to take in a State in order to seize control of the assets of the local?

As a general matter, in looking at the organizational structure of the Teamsters, are there in the constitution or as a practical matter are there numerous things that can be done by a man in Presser's position in order to force the local union officials and local union members into line?

Mr. LUKE. I believe, or I am positive there is a clause in the international constitution, and I am not reading or quoting, but I think in substance it provides that when and if the international president has information that leads him to believe that a local union official is not doing his job properly or in the best interests of the local or in the best interests of the international union, he may appoint a trusteeship.

In other words, it says, "When and if he has information that leads him to believe," and no hearing, and that is a tremendous pressure on the local union official, because if a trusteeship is appointed, then, of course, the official can be removed at the sufferance of the trustee or the person acting for the trustee.

Senator KENNEDY. In other words, when you state, Mr. Luken, that you have to spend half of your time protecting your rear against Mr. Presser or his people, in other words, that represents a real threat to your local and to your position, if a man in Mr. Presser's position or

in comparable positions throughout the country are out to liquidate a union officer, that they have extensive powers to compel local union officials to fall into line.

Mr. LUKEN. I would say, Senator Kennedy, that if you were not an administration man within the Teamsters, that to be able to sustain yourself, you would have to have the active support of 90 percent of your membership, rather than the normal 51 percent.

Senator KENNEDY. Mr. Chairman, this seems to me to be an extremely important point in attempting to analyze what the future of the Teamsters is going to be if Mr. Hoffa remains in control.

This power to compel union local officials to support Mr. Hoffa and his people throughout the country, and especially on the basis which the witness has described, that they had to have 90 percent of the membership in a sense, instead of 51 percent, if they are opposing Mr. Hoffa, indicates perhaps why Mr. Hoffa has been able to maintain his position.

Once you get in control of the gears of the machinery in the Teamsters Union, it becomes an almost impossible job for the rank and file membership to throw Mr. Hoffa out because of the extensive powers controlling funds, the powers of trusteeship, and all the rest. I think that is a significant point. I think for that reason, under the legislation which passed the Senate, there is a limitation, as you may know, Mr. Luken, on the period of trusteeship.

The trusteeship can be thrown out at any time if it is not provable before the Secretary of Labor that it is in the interest of the local union.

Mr. LUKEN. May I comment on just that point?

Senator KENNEDY. Yes.

Mr. LUKEN. I would like to point out to you, sir, that my opinions on trusteeship would probably not be that of other leaders in substance. I am not talking of nefarious people, but Mr. Meany, et cetera.

The point I think you miss, even in your law there, is that once the trusteeship is imposed, even though it be for only a short time, the manner of method of getting out of trusteeship, if the leader was removed, the local leader was removed, for political purposes, he has to sustain himself, he has to earn a livelihood, he probably does not have a job in the craft which the union is involved in. He may have to take a withdrawal card.

Even if the trusteeship was only for 90 days, his chances of ever getting reelected would be mighty, mighty slim.

Senator KENNEDY. In other words, you feel that the law should state——

Mr. LUKEN. My personal opinion, sir, is that a trusteeship should be, like martial law, more in the State, and that definite and positive cause should be shown first, and that even redress to the courts before the trusteeship may be made effective could be had.

I am quite certain my opinion differs in this from other labor leaders whom I respect, whom I respect their opinions. I disagree with them. But I think the removal of a local officer in a union, as long as he has been elected properly, is not guilty of a crime, is not guilty of subordinating the interest of his members to his, personally, or something like that, that he should have his day in court before he is removed.

I do not say that it should be impossible or even too difficult for him to be removed, but I think he should have his day before he is removed and not removed on the basis of when someone has information that leads them to believe. That is not my concept of American jurisprudence.

Senator KENNEDY. Your point is that the present practical arrangement of power within the Teamsters makes it extremely difficult for any local union official to go against city hall and to oppose whoever may be in power at the central position of the Teamsters.

Mr. LUKEN. I think you may characterize it to the political statement that you can't fight city hall. Well, you can, but it is mighty difficult.

Senator KENNEDY. In other words, you feel that if X is in charge, whether it is Hoffa or anyone else, once he is elected president, for anyone to throw him out becomes an extremely difficult, if not impossible, job.

Mr. LUKEN. I would say that would be putting it quite accurately, that it would be extremely difficult, if not impossible, regardless of the merits of performance. You do not have a basic, two-party setup. There is no active minority. An active minority is always subject to criticism that they may be working against the best interests of the local.

You do not have two political machines. You only have one. This is true of my own case. It would be very difficult for a member of ours to defeat me in the local union because I know everybody, I have, in effect, a political organization inherent with the job. It is a little bit different from politics.

I would say it is much more difficult to defeat an incumbent union officer than it would be an incumbent politician.

Senator KENNEDY. May I ask you this: Would you say Mr. Presser was a popular figure among the Teamsters of Ohio?

Mr. LUKEN. My observation must be limited mainly to the greater Cincinnati area. I would say with the membership of the Teamsters, the truckdrivers, those who have taken an active interest, which you understand are relatively small, I would say he is not very popular.

In other areas of the State I am not conversant with it because the plague has been put on me and people don't talk to me.

Senator KENNEDY. The point of the matter is, though, that to get rid of Mr. Presser in Ohio would really not be merely a question of 51 percent of the Teamsters making a decision to elect someone new, but it would be an extremely difficult and complicated task to throw Mr. Presser out and would require the active support of far more than a majority in the Teamsters of Ohio in order to secure new leadership in Ohio; is that correct?

Mr. LUKEN. I think the thing would go back to its inception. Mr. Hoffa told me that he placed Mr. Presser there. I think under the present situation, Mr. Presser would remain so long as Mr. Hoffa kept him there.

Senator KENNEDY. And there is nothing you can do about it?

Mr. LUKEN. I do not believe so.

Senator KENNEDY. I think your testimony, Mr. Luken, is extremely important in answering a question which a good many people ask, as to why the rank and file of the Teamsters Union does not secure new national leadership.

Your practical experience in attempting to protect the integrity and reputation of the Teamsters Union indicates how difficult it would be to do this nationwide once Mr. Hoffa and his group have secured possession of central power.

Mr. LUKEN. Well, yes. Also, through these conferences and State agreements, et cetera, they control the power of the grievance and arbitration procedures of a contract. Of course, grievance and arbitration procedures, the processing of grievances under the contracts, a good contract without a good grievance procedure automatically becomes a bad contract because your grievance procedure is your enforcement of the law, just like a good law with no enforcement of the law becomes a bad law.

So even a contract that appeared to be a good contract with a bad or a faulty grievance procedure automatically becomes a bad contract because no one can get their rights under it unless it has an effective grievance procedure.

Senator KENNEDY. I want to thank you, Mr. Luken. As I say, you have done a good deal more, I think, than most people in order to restore the reputation of the Teamsters. I think that your experience has been such that it is of great value to the committee and the Congress, indicating what kind of legislation would be useful.

Mr. LUKEN. Thank you, sir.

Senator CAPEHART. Mr. Chairman—

The CHAIRMAN. Senator Capehart?

Senator CAPEHART. It isn't quite clear to me because I do not have all the records, but you are president of a local at the present time?

Mr. LUKEN. I am president of a local union primarily. That is where I draw my basic salary from. I am also president of a joint council.

Senator CAPEHART. How many individual unions are there in the joint council?

Mr. LUKEN. Twelve, sir.

Senator CAPEHART. But you draw your pay from the local?

Mr. LUKEN. I receive \$50 a month from the joint council.

Senator CAPEHART. How long have you been president of the local?

Mr. LUKEN. Since August 1, 1949.

Senator CAPEHART. Since August 1949?

Mr. LUKEN. Excuse me, sir. January 1, 1949.

Senator CAPEHART. How long have you been head of the council?

Mr. LUKEN. Since February 1955.

Senator CAPEHART. February of 1955. How long has Hoffa been president, international president, of the Teamsters?

Mr. LUKEN. I don't know whether you are asking me a legal question or not. He has been provisional president, subject to this court procedure, since—originally he should have taken office in November of 1957, but it was held up under a court procedure until, I believe, February of 1958. These are from memory, Senator. I think that is correct.

He was stopped by a court injunction until the consent agreement, and I think that was in February of 1958.

(At this point Senator Goldwater entered the hearing room.)

Senator CAPEHART. You were testifying a moment ago that it was almost impossible to throw out a union official. Has that been true in your instance? Has there been any effort to throw you out?

Mr. LUKEN. I was elected in 1949 by a majority of seven. Three years later I ran against the same man and was elected by a majority of 1,250 out of 1,500 votes, and since that time I have been unopposed, although other officers in our local union have had opposition from time to time.

We have secret ballot elections in our local union every time. The term of office is 3 years, but some of the officers are up for election every year.

Senator CAPEHART. You said a moment ago, I believe, in answer to questions by Senator Kennedy, that it was impossible to throw out, almost impossible to throw out, an officer of a union.

Mr. LUKEN. No, sir; I don't think I said it was impossible. I said the incumbent has an edge, even more so than an incumbent in politics. I would say an incumbent in politics has an edge. It is more prominent in a union because you do not have the two-party system. When you have an incumbent in politics, you have an active organization working against him to some extent. This is not true of the Republican Party in Hamilton County, where I live. An incumbent endorsed by the Republican Party in Hamilton County, he is elected; that is all there is to it. This is in congressional elections.

There are rare exceptions. The 1948 situation was an exception. These are all matters of degree. I did not say impossible. I said that they had an edge. There is nothing illegal about the edge. I think it is an inherent edge.

Senator CAPEHART. Would you recommend any sort of legislation to cure that situation?

Mr. LUKEN. I don't know that I consider myself completely competent to recommend. I would say that in the matter of government, I feel that one of the basic advantages of our concept of government is the triparty or the tripartite situation, where we have administrative, legislative, and judicial, and that they, to some extent, emanate their power from different directions and at all times they are not always in agreement; whereas, in a union, or, for instance, in a political party, all of these functions end up drifting to the same people.

In other words, Mr. Hoffa or his group end up being not only administrative, legislative, and judicial, but they end up being all of them. There is not that setup that we have with the Supreme Court maybe disagreeing with you gentlemen about some of the legislation you might pass.

Senator CAPEHART. Did you testify that you were originally a trustee of this union?

Mr. LUKEN. I was asked, I believe, when I was elected. I was elected to a position which is termed trustee. It is a misnomer. It is not a trustee in any normal sense that you use the word. A union in the Teamsters has always seven officers, a president, a vice president, secretary-treasurer, recording secretary, and three trustees.

The term "trustee" comes about because they are supposed to audit the books. They are also part of the executive board or the executive committee of the union.

Senator CAPEHART. Who is Mr. Presser? What authority does he have?

Mr. LUKEN. That is a broad question. Mr. Presser is president of a taxicab drivers local in Cleveland, president of the Ohio Conference of Teamsters, president of the Teamsters Joint Council in Cleveland, not in Cincinnati.

Senator CAPEHART. Is he a superior officer to you under the Teamsters setup? Is he over you?

Mr. LUKEN. In his position of Ohio Conference president, I don't think there is any constitutional authority, but let me put it this way: He is Mr. Hoffa's man and I am not, and that makes a difference.

Senator CAPEHART. You say he is Mr. Hoffa's man. What do you mean by that? Do you mean he was elected by the Teamsters in Ohio to be the top man in Ohio, or was he just simply appointed by Mr. Hoffa?

Mr. LUKEN. Mr. Hank Carr from Toledo was president of the Ohio conference. Mr. Carr, like me, did not get along with Mr. Hoffa. Somehow or other his resignation was arranged and at the next meeting Mr. Presser was elected unanimously.

Senator CAPEHART. When was Mr. Presser elected?

Mr. LUKEN. I would say 1953 or early 1954, but this is from memory, Senator.

Senator CAPEHART. Then Mr. Presser is officially a superior officer to you in the Teamster Union?

Mr. LUKEN. You are asking me, sir, something which has legal conclusions. I don't know that that is true. In his position as Ohio conference president, he may have some vested constitutional authority. We have gone over it with our lawyers from time to time, and we don't particularly think he has any enforceable authority if the local union would take a strong stand and vote otherwise.

But he has a tremendous inherent authority if the local union official has a tendency to drift along with the tide.

Senator CAPEHART. Has Hoffa made any effort to throw you out as president of your local?

Mr. LUKEN. Through Mr. Presser. Mr. Presser runs the State of Ohio for Mr. Hoffa. That is virtually—with the exception of the southwestern corner.

Senator CAPEHART. You haven't any suggestions, then, on how to get rid of the situation that you feel exists in unions; namely, once you are an officer, it is a tough proposition to elect a new officer?

Mr. LUKEN. I didn't say, sir, that I thought that that was something. I was describing a situation as I see it and think it exists. I did not necessarily mean that it was terrifically wrong.

I don't know how you would get rid of the incumbent's political edge in politics. All I was pointing out was a stated fact that I believe that in unions this edge is a little greater than it would be in politics because the administrative and the legislative—in a local union, understand, the legislative efforts are made by the members directly at what you would call a town meeting.

But members do not have the time necessary to always evaluate a question, and they have a tendency to look to their leaders for advice. As long as those leaders do not give advice which is inherently wrong and proves to be wrong, the tendency would be that he would be

reelected and he would have an edge. This does not mean that he could not be thrown out. I defeated an incumbent at one time and certainly incumbents have been defeated. But they have a normal, a natural edge.

I do not believe this is terribly wrong. I do believe if it was possible, but I see no legislative way it would be possible, that the system of government we have would be much better applied if we had a separate judicial as opposed to administrative in the union.

But I think that is true of corporations to some degree, and we don't have it in corporations, either.

Senator GOLDWATER. Mr. Chairman?

The CHAIRMAN. Senator Goldwater.

Senator GOLDWATER. How many members do you have in your local?

Mr. LUKEN. In the local, sir, 2,300. In the council, about 18,000.

Senator GOLDWATER. How many people voted the last time you ran for election?

Mr. LUKEN. In our election, sir, in our local?

Senator GOLDWATER. Yes.

Mr. LUKEN. In our local, sir, the last time I ran there was not an election because the officers were unopposed. But there were 1,900 of those 2,300 members in the hall at the time we were nominated.

Senator GOLDWATER. Isn't that a rather unusual turnout?

Mr. LUKEN. Yes, it is an unusual turnout. But we think we run an unusual union.

Senator GOLDWATER. You must, to get that many men out.

Mr. LUKEN. We have attempted to encourage membership participation. It is a losing battle. You have to keep fighting to encourage it, because, after all, members are concerned with a union for its primary purpose of "What do I get and when do I get it?"

This is the reason for it, the same as stockholders are concerned from a corporation, as "What are my dividends and how much appreciation do I get for my stock?" It is very difficult to continue to have membership participation. We have encouraged it.

For instance, when we have our election, we always give away turkeys as an attendance prize, anything we can think of to try to get the members to participate. It isn't always successful.

Senator GOLDWATER. Isn't this apathy in the whole problem, when you get down to union elections, a basic problem, that you could change officers at the international level if the locals turned out where delegates were selected and put the type of delegate in that would vote against the people they didn't want and for the people they wanted?

Isn't that basically the problem of democratic processes in unions, getting men to participate?

Mr. LUKEN. Let me say, Senator—maybe I am going to shock somebody—to some extent the best form of government is a benevolent dictator. The only thing wrong with it is who in the world is going to control when he will be benevolent and when he will not be benevolent? So to some extent the best form of government is a benevolent dictatorship.

In a union a benevolent dictatorship can exist very easily, the same as it exists every day of the week in a corporation, because the stockholders are not interested in what the president's expense ac-

count is, or not whether he made \$5,000, but, "Did I get my 6 percent and is there something left over for appreciation and building up the stock?"

If you want to repeal the laws of human nature, I think you are right, but I don't know how you will do that. If you shut up the television sets in the country, close up the newspapers, and put the women in another country or county, then you could possibly get the people to union meetings. It is the same with churches. Can you get people to read your newspaper all the time?

Senator GOLDWATER. I am in perfect agreement with you. I mention this to point out the difficulty of legislating in this field. Less than 50 percent of the eligible voters of the country voted in the last national election. If we get bad government, it is because people don't vote. If we get bad union leaders, I think it is because the union member is interested, as you say, primarily in working conditions, his hours, his pay. If it is good, the devil with it.

I have asked drivers who come into my business out in Arizona, who drive the big semis across the deserts and the mountains, in fact I kept a record of it, and found one man who never heard of Jimmy Hoffa, who was a Teamster. I haven't found one yet who is against Jimmy Hoffa because they all make good pay and they have good working conditions.

I have asked them if they go to meetings. They don't go to meetings. I haven't found a one yet that comes into my place that attends meetings with any regularity at all. So to help answer the question put to you by Senator Capehart, until you can get people to go to union meetings without giving them turkeys, until we can get people in the United States to go to the ballot places and vote, you are going to continue to get bad labor leaders here and there, and we are going to continue to get bad politicians here and there. It is not like Hamilton County all over the United States, you know.

Mr. LUKEN. No, thank goodness.

Senator GOLDWATER. That is all.

Senator CAPEHART. I have just one more question, Mr. Chairman.

What is your reason for disliking Hoffa? What does he do to you? You are still the president of this local union, the president of the council. What is it?

Mr. LUKEN. Sir, I don't think I said I disliked Mr. Hoffa. I don't have any personal opinions about the man in any way, shape, or form. Let me say that I do not believe he is the best suited to be president of the union which I belong to. I do not agree with a lot of his stated concepts.

Although it is a little bit against my feelings in some respects, I feel that to some extent where there is so much smoke, there is some fire, and I have had some of the fire directed at my direction. The fact that I have been able to sustain myself does not mean that I like it.

I have had things happen to me that I don't think should be required just to hold a position. Understand, I like my position, I like the people I work for. I could make more money doing other things. But to me a job is largely—I have a family to provide for. But if I didn't like my job, if I didn't enjoy it, as I say, fighting with employers which you take exception to, believe me, I would have gone someplace else a long time ago.

Senator CAPEHART. I didn't take exception. I wondered if that was what you were paid to do, to fight the employer.

Mr. LUKE. If it is necessary, that is what I am paid to do; yes, sir.

Senator CAPEHART. You made the statement, I didn't.

Mr. LUKE. Yes, sir.

Senator CAPEHART. That is all.

Senator KENNEDY. Mr. Luken, when you say that the ideal state is a benevolent dictatorship, so that the record is straight, your view is that it is impossible to insure that it would remain benevolent—

Mr. LUKE. I did not say that an ideal state was. I said it is conceivable that a benevolent dictatorship could be ideal. But the whole premise falls completely because when you have a dictatorship you lose any control as to whether it is going to be benevolent or not.

I said if you could conceive of a benevolent dictatorship acting as a benevolent dictatorship for a certain stated time, yes, it can be a very fine form of government. But where is the control?

Senator KENNEDY. Yes.

The CHAIRMAN. Mr. Luken, I have no reason to doubt, based on your testimony, but what you try to run a good union, and try to operate it with due deference to democratic processes and the rights of the individual members. Is that correct?

Mr. LUKE. Let me say this: My simple philosophy is, Senator, I try to act as an officer as I wanted to have officers act when I was a member.

The CHAIRMAN. In other words, you treat your members like human beings.

Mr. LUKE. I treat my members just like they are voters, Senator.

The CHAIRMAN. Like what?

Mr. LUKE. Just like they are voters.

The CHAIRMAN. Well, they are voters, and you encourage them to vote.

Mr. LUKE. That is right, sir.

The CHAIRMAN. You don't try to discourage them or hinder them from voting or exercising their proper rights, do you?

Mr. LUKE. We have tried as best I know how to encourage voting and membership participation at all times.

The CHAIRMAN. Do you grant to them, inside a union hall, their rights, freedoms, and protections guaranteed to them by the Bill of Rights of the Constitution?

Mr. LUKE. In 10 years that I have been chairman of meetings, I have never once ruled a member out of order, no matter how far he went afield, feeling it was better to let him have his say regardless of whether he was technically out of order or not.

The CHAIRMAN. I am just asking the question. I am trying to find out. I have been very interested in what I conceive to be the rights of individual members of unions, rights that are essential if they are to have the dignity that I think a human being should have, and have it respected.

Is there anything in the Bill of Rights in the Constitution of the United States that you think should be left outside of the union hall when you go into a meeting? I mean any rights, protections, or privileges that are guaranteed or reserved to the individual by the

Bill of Rights that he should surrender when he walks into a union hall?

Mr. LUKEN. You seem to imply a little bit that I am an expert on the Bill of Rights. I don't claim to be. But I know of none.

The CHAIRMAN. I am not implying you are an expert. But we all, as human beings, think we have certain rights, that we are entitled to certain freedoms, entitled to certain protections, and in a general way we know what the Bill of Rights does for us.

Mr. LUKEN. What I meant to say was without attempting to qualify myself as an expert, I know of nothing in the Bill of Rights that I think should be denied a union member in his activities as a union member any more than it should be denied him in his activities as a citizen.

The CHAIRMAN. Of course, there are certain limitations within propriety that we ought to observe. I have the right of freedom of speech, but I have no right——

Mr. LUKEN. You have a right to bear arms, but you don't have the right to go to Fountain Square and shoot off a gun.

The CHAIRMAN. That is right. There are certain limitations and restrictions.

In your opinion, can a union local be properly operated as a union should be and serve the interest and welfare of the members by observing what we term the Bill of Rights?

Mr. LUKEN. Sir, that has been my whole philosophy, and I think that we have reasonably succeeded in that direction in our particular local union.

The CHAIRMAN. Then I take it that you would have no objections to a bill of rights provision.

Mr. LUKEN. Senator, again I wish to say I am not an expert.

The CHAIRMAN. I understand.

Mr. LUKEN. I have read your points that are referred to as the Bill of Rights. I have also read the legislation limitedly. I would say I have no objection to the stated facts and I have some objection to the way in which they are legislated in this case.

The CHAIRMAN. But the point I am trying to make is this: If there is anything wrong, or if there is any principle that is violated, what is wrong with undertaking to see that when members enter a union hall to attend a meeting that their rights and their freedoms and the protections under the Bill of Rights follow them into that union hall? I just can't understand it.

I can't understand any opposition to that.

Have you found it necessary to violate any of those provisions in order to operate a union in the proper way?

Mr. LUKEN. Senator, I think that I have read the bill and I have read your so-called Bill of Rights, and I do not believe that in our local union we have at any time done anything in the 10 years I have been associated with it that you could construe as being a violation of your laws, as written.

However, I am not saying that in my opinion it is a particularly effective piece of legislation or that it necessarily should be legislated.

The CHAIRMAN. Maybe it can be improved. But you tell us what we should do, if anything.

Mr. LUKEN. I am at a disadvantage. You are an expert and I am not.

The CHAIRMAN. I am trying to get a dedicated union man's point of view, and I believe you are. Your testimony here today and your demeanor indicate that to me. I hope that I am not mistaken.

What I am trying to find out is this: What is it that a dedicated union man should object to with respect to the Bill of Rights?

Mr. LUKEN. Well, Senator, as I have said, I can't take exception to it because I am not a lawyer. I have read your bill and in some respects I say I see nothing wrong with the stated objectives. I have discussed it with my brother, who is an attorney and a member of the Civil Liberties Union, and he says that some of the things in there take exceptions to his concept of civil liberties.

This is going a little bit too far. I think Mr. Gettler, the union's attorney, takes some technical objection to the language. I make no objection to the stated objectives.

The CHAIRMAN. Let me ask you this: This is what I am trying to determine. We have amassed a record here of denial of democratic rights and of freedoms and of protections to union members where they have been tremendously imposed upon in union halls and by these dictators that are not so benevolent that you referred to.

What kind of legislation would you suggest to reach that situation? You don't need it in your union or in your local from your standpoint, or, from what you say, you don't need it and you observe it anyhow. But what are we going to do with these that do not? How are we going to reach them?

Mr. LUKEN. Let me try to answer your question the best I can. I have read the Kennedy-Ervin bill and I do not claim to be an expert on it. I feel a mistake was made in that bill in going into the secondary boycott provisions, notwithstanding Senator Goldwater.

The CHAIRMAN. I don't think it goes into that.

Mr. LUKEN. From practical experience in this field, I believe that is a mistake. There are some technical objections which legal people have, and I have to rely on their judgment, and I respect their feeling or their general conclusion, and their approach is the same as mine, and I have to say that there are some objections to the language in the so-called Bill of Rights. I certainly must say that if it was a choice of this bill or no bill, if I were a Member of Congress I would vote for it.

The CHAIRMAN. Now, no one is contending, and certainly I am not, that the wording of the Bill of Rights is perfect.

Mr. LUKEN. You are putting me to some extent on the spot that I don't want to give the impression that I feel I am completely qualified to answer.

The CHAIRMAN. I understand that, but the point I am making is this: I think you will agree with this, that while in your union—and maybe you can find thousands of others in the country that are run like yours—the leadership is dedicated and tries actually to serve the interest and welfare of the men instead of trying to exploit them; we do have unions where I am convinced that the leaders are simply using unionism to enrich themselves and to exploit their own members as well as the public.

Do you feel that we need some kind of legislation to reach that situation?

Mr. LUKEN. I certainly believe to my own personal knowledge and things I have read that have occurred, giving them the credit that one should give a newspaper account and not taking the complete verbatim—I feel it is necessary that there be some legislation in the labor field. I do not take the technical objection that some people take, that a labor organization is a private society and therefore should not be legislated against.

Legislated against is wrong. I should not say there should not be legislation in that field.

I have to say that I think some of the people are using the present exposés. I have to point out that all of the union officials I know, and in our locality in particular, there are far more of those dedicated individuals than those who are attempting to enrich themselves.

That is notwithstanding that someone just reading a newspaper might come to the conclusion that all union officials are not such nice people. There are an awful lot of dedicated union officials who maybe don't have the education and intellect of business people, or something like that, but they are doing a job in the best way they know how. They should not be criticized as a group for the failings of a few.

I see no objection, and I feel that a union basically is today an economic society, and it is not just a fraternal organization or a church organization. I feel that the Government has a right and a duty to legislate in that field.

But, I think, Senator, that one of the main problems—and I have a tendency to get into politics which I would like to stay out of—but one of the main problems here is that some people have seized upon this opportunity to legislate against unions rather than to legislate for union members.

The CHAIRMAN. Well, that might be conceded without arguing it either way. The position I have taken is that decent dedicated union leadership in this country ought to come in here and help us write legislation to deal with that element that needs dealing with, and yet protect and preserve decent unionism.

Mr. LUKEN. I do not disagree with you.

The CHAIRMAN. That is the point I have.

Mr. LUKEN. I have cooperated with your committee when requested.

The CHAIRMAN. I am sure that you have.

But I do say, it is just like crime. We don't enact a law making larceny or theft a crime because the majority of our people are thieves. We enact such a law to protect the majority from the imposition of a very small minority. Is that not correct?

Mr. LUKEN. Yes, sir.

The CHAIRMAN. That is true, I think, in this field. I agree with you, and I have tried to emphasize it everywhere I have made any statement, that the great majority of union people and union leaders in my judgment are dedicated people trying to serve the interest and welfare of the laboring people that they represent. But I do say to you, sir, that this other element, this minority that we are trying to deal with, its influence is growing, and unless it is curbed and brought under control, unless something is done about it, the day will come when decent unionism in this country will be in danger.

I think it serves the interest of all those who are for unions and those who believe in them, and those who believe that working people

ought to have their rights. I think it serves their interest and welfare to find the kind of legislation needed to drive the crooks and thieves and exploiters out of unions and preserve that which is decent and good and for the interest of the working people of this country.

Mr. LUKE. On that last statement, Senator, I agree wholeheartedly.

The CHAIRMAN. That is my position, and I think it is going to take a bill of rights or something similar to it in order to bring into union halls, into some of them, the protections and the freedoms and the rights that human beings are entitled to wherever they are.

All right. Proceed.

Mr. KENNEDY. Just to go back, we had some reference to Mr. Harvey Friedman. He had been, prior to being sent in by Mr. Presser, arrested for transportation of illegal liquor, forgery, blackmail, obtaining signatures by false pretenses, and in 1949 he was arrested and convicted and received 3½ years in Lewisburg Prison for interstate transportation of stolen automobiles. That was just prior to the time that Mr. Presser sent him down into Ohio.

Then when he got down there he was convicted for false statements. First he was indicted for blackmail and then convicted for false statements and obtaining property by false pretenses and received a sentence of 1 to 6 years.

Now, you spoke about the conversation that you had with Mr. Presser that he would come in and take over your union if you caused him any difficulty. You said that you went back and had the meeting with your membership. Did they ever try the approach of offering you something if you would go along with them, as long as these threats did not work?

Mr. LUKE. Yes, sir; 2 days later I was offered the presidency of the joint council.

Mr. KENNEDY. By whom?

Mr. LUKE. By Mr. Friedman first, and Mr. Presser later. I was standing in a hotel lobby and he came up and he said, "Why don't you get along with us, why don't you play ball? You are a young man and you could go far, and you could be president of the joint council if you wanted to be," and Mr. Presser later joined in.

(Members of the select committee present at this point in the proceedings were Senators McClellan, Capehart, and Goldwater.)

Mr. KENNEDY. What did you say to that?

Mr. LUKE. I pointed out to him that they already had a president of the joint council.

Mr. KENNEDY. What did he say?

Mr. LUKE. He said, "Resignations could be arranged."

Mr. KENNEDY. You refused to go along with that?

Mr. LUKE. I later became president of the joint council, but with his active opposition rather than his support.

Mr. KENNEDY. And on your own terms; is that right?

Mr. LUKE. On the terms of the group which I was working with; yes, sir.

(At this point Senator McClellan withdrew from the hearing room.)

Mr. KENNEDY. Then there was an investigation by the so-called Bender committee in 1954 of some of the Teamster officials in Ohio, was there not?

Mr. LUKEN. Yes, sir. I believe it was in Cleveland, sir.

Mr. KENNEDY. Did you have any conversations at the meeting of your joint council in connection with that investigation?

Mr. LUKEN. I believe that is a matter that your committee investigated about a year ago. My recollection on it is not completely—this is 4 or 5 years ago. As I recall it, a letter was brought in from the State or from Cleveland, requesting money so that they could pay the expenses of the officers, Presser and Triscaro, who appeared before the Bender or the Hoffman committee. I am never sure which one it was.

One of our officers stated the union provided them with counsel, and what other expenses were there.

Mr. Starling—

Mr. KENNEDY. What position did he hold?

Mr. LUKEN. Mr. Starling was then president of the joint council in Cincinnati.

Mr. KENNEDY. You were just an officer?

Mr. LUKEN. I was just a board member.

Mr. KENNEDY. Did you write down his statement at the time?

Mr. LUKEN. Yes, I did, Mr. Kennedy; and as I recall it I don't remember whether the statement was made directly that the money was to be given to Senator Bender for calling off the committee hearings, or whether it was to be given to other people. I wrote it down and you have it.

(At this point Senator McClellan returned to the hearing room.)

Mr. KENNEDY. I believe we have given that to you.

Mr. LUKEN. At the time I wrote this down, and it said Mr. Starling said, "Other moneys were spent to pull certain strings to see that these charges were dropped."

I cannot say accurately at this moment whether Mr. Bender was the man that was supposed to have dropped the charges or whether this was charges that county officials were pursuing as a result of the Bender investigation.

Mr. KENNEDY. It was at the time the investigation was going on. Would you relate the beginning part of it, first, as to how the subject came up?

Mr. LUKEN. A letter was brought in, and when we made an investigation of this at your request, or your man came in and went through our files, we could not find the letter, but we did find that in the minutes of the meeting there was a reference made to the letter, the fact that it was brought in, that Mr. Starling read it, requesting money.

Mr. KENNEDY. I might say, Mr. Chairman, we have examined the files, and that letter to which he is referring is missing from the files.

Mr. LUKEN. It was not in our files, but, of course, Mr. Starling had the letter. Maybe it never went in the files or if it went in, it came out. But it was not there when your investigator looked. I think the secretary of the Council was with him. I did not personally look, but I am sure the files were gone over by two people.

The minutes of the meeting showed that the request was made. It only showed that the request was made for money. It did not say exactly what it was for. At that time I was sort of amazed at this statement being made that the money was being raised to pay off officials, and I wrote it down, November 17, 1954.

Mr. KENNEDY. The date of the meeting was November 22, 1954?

Mr. LUKEN. The letter was dated November 17, 1954, and the meeting was November 22.

Mr. KENNEDY. And the question then was raised, "As long as we have paid all the legal fees in connection with Mr. Presser, why do they need money?" What was the answer to that?

Mr. LUKEN. His answer was, "Other money was spent to pull certain strings to see that these charges were dropped."

That is what I wrote down at that meeting when he said it.

The CHAIRMAN. I was out for a moment. Who made that answer? To whom were you talking?

Mr. LUKEN. He was the then president of the Joint Council, who was president of Ohio Conference and was more or less Mr. Presser's emissary in Cincinnati.

The CHAIRMAN. What was his name?

Mr. LUKEN. Mr. Starling. He was defeated in the reelection bid last December.

Senator GOLDWATER. What were these charges? Do you recall?

Mr. KENNEDY. They were appearing before the Bender committee, Mr. Presser and Mr. Triscaro, at that period of time.

Mr. LUKEN. Trying to recap it as best I can, Mr. Presser, Triscaro, and certain other officials who appeared before the Bender committee or the Hoffman committee, as a result of that appearance, we were in Cincinnati, none of our people were involved, were solicited for moneys to pay their expenses. One of the executive officers asked what the expenses were. Their lawyer was provided for by the union.

What expenses did they have?

Why do we have to give money?

The answer was given that "Other money was spent to pull certain strings to see that these charges were dropped."

Right at that time the committee also went out of existence with some flair, if you might recall. I am sure Senator Bender's name was mentioned, but I want to make it clear that I am not saying that this man said the money went to Senator Bender. It may have; it may not have.

Mr. KENNEDY. Was this in 1954?

Mr. LUKEN. This was in 1954.

Mr. KENNEDY. I thought that was a House committee.

Mr. LUKEN. It was a House committee. I am referring to Senator Bender. It was Representative Bender at the time.

Mr. KENNEDY. He was a Congressman at the time. They were holding hearings. It was a question of whether they were going to resume the hearings and press some contempt action against Mr. Presser. It was decided about this period of time to drop the contempt action, and they did not hold the hearings that had possibly been expected.

Could we have that note made an exhibit, Mr. Chairman?

The CHAIRMAN. Let me see the note.

Mr. LUKEN. May I explain, Senator, that the notation on the top was just—well, that piece of paper was a note that was given to me by the office clerk when I came into the meeting to call Mr. Struberg, who was a company executive. That is his phone number.

When the statement was made I was sort of shocked. I wasn't shocked that a politician would take a bribe. I was shocked that somebody would be stupid enough to say so in front of seven people.

The CHAIRMAN. Is this your handwriting?

Mr. LUKEN. Yes, sir; written on November 22, 1954.

The CHAIRMAN. You identify it as your handwriting and you state this occurred there at the meeting at the time?

Mr. LUKEN. That was written on November 22, 1954, and it was one of those things you throw in your files and these guys found out.

The CHAIRMAN. It was in your file and you recognize it as yours?

Mr. LUKEN. Yes, sir.

The CHAIRMAN. Then it may be made exhibit No. 58.

(Document referred to was marked "Exhibit No. 58" for reference, and may be found in the files of the select committee.)

Senator CAPEHART. Are you intimating that some politician, maybe Mr. Hoffman or Mr. Bender, took a bribe?

Mr. LUKEN. I am not intimating anything.

Senator CAPEHART. What did you mean by the statement that you made a while ago, that you weren't shocked at a politician taking a bribe?

Mr. LUKEN. Previously, I said I was shocked. No, I would not be shocked at a politician taking a bribe. I think the record is pretty replete that we have had numbers of them in this country who have taken a bribe. I wouldn't be shocked at it. I was shocked at a man making a statement that they were bribing an official, in front of all those witnesses.

Senator CAPEHART. What do former Senator Bender and Congressman Hoffman have to do with it?

Mr. KENNEDY. Congressman Hoffman is not involved in this.

Mr. LUKEN. I don't know that either was involved. My answer is in direct reply as to what that note means. I can only give you what it means and what was said at the time.

Mr. KENNEDY. Congressman Hoffman had nothing to do with this.

Senator CAPEHART. The note says—

Mr. Starling says that other moneys were spent to pull certain strings to see that these charges were dropped.

Mr. Starling made that statement, did he?

Mr. LUKEN. Yes, sir. That statement is in quotations there, and I wrote it down. The reason I wrote it down is, as I say, I was shocked that a statement like that would be made. It was something really unusual, and I wrote it down so I wouldn't be misquoted at a later time.

Senator CAPEHART. What were you talking about at the time?

Mr. LUKEN. We were talking about a request for money from the people who had appeared before the Bender committee, or for a group of people acting in their behalf, to raise money to pay the expenses of that appearance.

Senator CAPEHART. How did this testimony of yours, intimating, maybe, by inference, maybe, that maybe Bender or Hoffman got some money—you weren't intimating that?

Mr. LUKEN. I was not, sir. I was trying to make it very clear.

The way my answer fitted into Mr. Kennedy's question was I wanted to make it clear that I was not stating that Mr. Bender or

Mr. Hoffman got anything, and that I was only quoting a statement that was made in my presence. Other than that, I know nothing about it.

Senator CAPEHART. This memorandum says, "Letter of November 17, 1954."

What does "letter of" have to do with it?

Mr. LUKEN. That was the date of the letter that Mr. Starling read to us which requested the money.

The CHAIRMAN. Ask him what the letter said.

Senator CAPEHART. What did the letter say?

Mr. LUKEN. The letter in substance said that people were raising money to carry the expense of the appearance of these people before the Bender committee or the Hoffman committee, I don't know which it was.

And would we contribute to that.

Senator CAPEHART. Would you contribute?

Mr. LUKEN. Would we contribute to it. Would we help pay these expenses.

One of the executive officers there said, "What expenses? There were no expenses."

Mr. Starling agreed there were no open expenses and suggested, as is quoted there, and let me stick to the quote—I am sorry I said anything other than the quote. I was trying to make sure that my statement was not misinterpreted and as a result you have misinterpreted it.

Senator CAPEHART. How did I misinterpret it?

Mr. LUKEN. You seemed to make the inference to me that I was making an accusation against Mr. Bender or Mr. Hoffman, and I am not, sir.

(At this point Senator Ervin entered the hearing room.)

Senator CAPEHART. The note says—

Other money was spent to pull certain strings to see that these charges were dropped.

What I was trying to find out was how Congressman Hoffman and former Senator Bender's name got mixed up in this matter, because you said it wasn't unusual, or some such statement, that politicians take money.

Mr. LUKEN. Because Mr. Kennedy's question included, I believe, a statement that the charges were before the Bender committee. That was where the charges were.

Senator CAPEHART. Was it the Bender or the Hoffman committee?

Mr. KENNEDY. I can straighten that out. Clare Hoffman, the Congressman from Michigan, had nothing whatsoever to do with this. This was a committee that was run by Congressman Bender. Congressman Hoffman had nothing to do with this whatsoever. His name shouldn't even be injected into these hearings at all in connection with this matter. He had absolutely nothing whatsoever to do with it. I think that in fairness to him we should straighten the record out.

Congressman Bender was the chairman of a subcommittee which was investigating Mr. Presser and Mr. Triscaro. They conducted hearings during 1954. I think they ended sometime in October, but the dates are in the record already. To the best of my recollection on

it, they ended sometime in October with the announcement that they would be continued in November; that there would also be some contempt citations.

The hearings were not continued.

According to the minutes that we put into the record about a year ago, Mr. Presser announced at that time there wouldn't be anything further done in connection with this matter, with his case, that the whole thing was going to be dropped. That is what he announced publicly to his membership, that the charges against him were going to be dropped.

This is putting the rest of the story in.

Mr. LUKEN. To make my point clear, I just wanted to make sure that you put my story in and it wasn't alleged that I did.

Senator CAPEHART. Did you contribute any money to this?

Mr. LUKEN. No, sir, we did not.

The CHAIRMAN. How much was asked for? Do you know?

Mr. LUKEN. It seems to me, Senator, there was no request for money. It seemed to me that the overall request was we were trying to raise \$40,000. But there was no specific request to us.

The CHAIRMAN. No amount assigned to your local?

Mr. LUKEN. No, nothing assigned. Just that "We need money."

The CHAIRMAN. Are you sure about the amount of \$40,000?

Mr. LUKEN. No, sir. I do not claim to be sure. I was asked that question by the investigators and I believe a figure of \$40,000 sticks in my mind, but I do not want to be held to it. That was the overall amount.

The CHAIRMAN. So you have no information other than that they said they needed some money because they said they would have to pull some strings.

Mr. LUKEN. Basically, I would like to stand on the statement that I wrote at the time.

Mr. KENNEDY. I don't think in anything you have said that you have gone beyond that.

The CHAIRMAN. The point I am making is that you had no knowledge at the time of payments being made to anybody, other than a request being made.

Mr. LUKEN. Just that "we needed money."

The CHAIRMAN. They were in a campaign to raise money?

Mr. LUKEN. Yes, sir.

The CHAIRMAN. They said they had extra expense because they had some strings to be pulled; is that correct?

Mr. LUKEN. Yes, sir.

Mr. KENNEDY. To get the charges dropped.

The CHAIRMAN. It impressed you so at the time you made a notation of it?

Mr. LUKEN. Yes, sir. That is not uncommon. I do that on things that are important.

The CHAIRMAN. I appreciate that. But it was of enough significance that it impressed you at the time and you made a notation of it?

Mr. LUKEN. I would say it impressed me; yes, sir.

The CHAIRMAN. Did you make any contribution?

Mr. LUKEN. No, sir, we did not.

The CHAIRMAN. Did you advise your lodge or local not to make a contribution?

Mr. LUKEN. Under the procedures, when a request like this came into the executive board, if they wanted to make a contribution they would have recommended it to the delegates for their ratification.

In this case, they made no such recommendation, and I believe the letter was ordered filed. I think Mr. Kennedy has the minutes.

The CHAIRMAN. Do you know what became of the letter?

Mr. LUKEN. No, sir, I do not, sir.

The CHAIRMAN. Did you ever have it in your files, the files of your local?

Mr. LUKEN. No. This was not the local. This was the Joint Council.

The CHAIRMAN. Well, the Joint Council.

Mr. LUKEN. I was not a principal officer of the Council at the time. I was just a committee member present when this discussion took place.

The CHAIRMAN. You have never had the letter, then, in your possession, in your official position?

Mr. LUKEN. No, sir. We tried to reconstruct that, and the best we could reconstruct was that the letter probably was never out of Mr. Starling's possession, because we noted that it was unusual that the minutes said he, the president, read it, where normally the communications are read by the recording secretary.

Senator GOLDWATER. Mr. Luken, I would like to ask just one more question to try to clear this point up.

Were there any charges made by the local prosecutors, such as the county attorney, or the State's attorney?

Mr. LUKEN. Understand, sir, this transpired in Cleveland, and I am in Cincinnati. I do not know, sir.

Senator GOLDWATER. Was there any charge against Mr. Presser pending by a State or county court?

Mr. LUKEN. I have to say, sir, I don't know that there were any charges against Mr. Presser, whether they were State, county, or Federal, or the committee's charges. I do not of my own knowledge know that there were any charges.

Senator GOLDWATER. What I was trying to find out, just to keep the record straight, is if, when you wrote down that this money was to be used to pull certain strings to see that these charges were dropped, were the strings pulled at the local level or the State level or the Federal level? I do not want your opinion on it if you don't know.

Mr. LUKEN. Sir, all I can say is that to the best of my recollection it made only reference to the congressional inquiry, but it did not say where the charges would be. I have enough general knowledge to know that information that may come from a congressional inquiry can incur local charges. I wanted to make it clear that I didn't mean that these were, from my inference, that these were charges of the committee. They may have been local charges. I do not know.

Senator GOLDWATER. You do not know?

Mr. LUKEN. I don't even know if there were any. I am just making the statement that this is what the man says.

Senator GOLDWATER. I would like to ask the counsel if he is aware of any local charges that might have existed against Mr. Presser.

Mr. KENNEDY. I am not.

Senator GOLDWATER. Local or State charges?

Mr. KENNEDY. I am not aware that there were any charges at local or State level. They had had some hearings, Senator, the Bender subcommittee, and there might have been some consideration of some of the things that they developed regarding Mr. Presser and Mr. Triscaro; but I know of no specific charges that were made against them other than those that were being made during the course of the subcommittee's work. Some of those might have been considered by the local authorities. I have no information on that.

Senator GOLDWATER. Is my memory right, that Mr. Presser was in trouble a year or so ago in a court in Pennsylvania, where some local was suing him?

Mr. KENNEDY. No; he appeared before the committee in connection with his misuse of union funds and misuse of union position. He appeared twice. He was convicted in 1954 in an antitrust case. We developed some matters regarding his activities out there. I don't know whether the Justice Department is investigating him at the present time. He is in Ohio, head of the Ohio Conference of Teamsters.

His chief lieutenant is Triscaro, who also appeared before this committee.

The CHAIRMAN. They took the fifth amendment?

Mr. KENNEDY. Yes, both of them. The date of the antitrust conviction was 1952 rather than 1954.

The CHAIRMAN. Are there any further questions?

Mr. KENNEDY. Yes.

Mr. Friedman was sent to jail in 1954 or 1955. Did Mr. Presser then send in someone else to replace him?

Mr. LUKE. I think there was an intervening time. The next replacement, I think, came from Mr. Hoffa personally; that was Mr. Ralph Vanni.

Mr. KENNEDY. By whom was he sent?

Mr. LUKE. I think he came from Hoffa personally. He came from Detroit. He was on the conference payroll under the apparent direction of Mr. Presser, but he seemed to be much more directly connected with Mr. Hoffa.

Mr. KENNEDY. That is V-a-n-n-i; is that right?

Mr. LUKE. Yes.

Mr. KENNEDY. How long did he remain?

Mr. LUKE. I would judge about 2 years, sir.

Mr. KENNEDY. What kind of difficulties did he cause you?

Mr. LUKE. There aren't that many hours in a day.

Mr. KENNEDY. Just summarize it in broad general categories.

Mr. LUKE. He was sent in, I would say, with the obvious intention that Mr. Friedman had failed to take over the council or failed to take over the city, and he was sent in as an obvious replacement. There was a little intervening time. As to my own particular local, the milk drivers union, they tried to cause some dissension amongst the members, and not finding a fertile field they went to the employers, and so the employers told me, about 15 of them, that they were told by Mr. Vanni in substance that "We would like to get Mr. Luke out of here, and if you will cooperate with us, it will be to your best advantage."

Mr. KENNEDY. He went to the employers and told them that?

Mr. LUKEN. That is what the employers tell me, sir.

Mr. KENNEDY. To their best advantage, financially? Was that indicated?

Mr. LUKEN. One of them told me this story, which I think would characterize it.

We were currently in negotiation at the time and asking 15 cents. And eventually settlement was made on 13 cents and fringes. At that time, Mr. Vanni told this one man this story, that he thought Mr. Luken was giving them more trouble, and that the rates were too high, but he doesn't always agree with employers; that he had an employer make him an offer the day before of 2 cents an hour, and that was a ridiculous offer, of 2 cents, but we settled it for 4 cents.

This occurred at the same time we were in the process of settling for 13 cents.

The employer said, "Gee, I would like to have had the 4-cent offer he had instead of the one you make."

Mr. KENNEDY. That was the general pattern?

Mr. LUKEN. That was one of the approaches. Several of the employers just told me he said plain out, "We would like to get rid of Luken. Will you help us?"

Mr. KENNEDY. Did you finally reach the point where you sent out a letter to all employers?

Mr. LUKEN. As soon as we heard about it, we informed the employers that this person did not in any way represent our union and did not in any way represent our membership, and it was just an official notice that the only officers of this union are such, and any other such person is not acting within the authority of the membership.

Mr. KENNEDY. What happened to Mr. Vanni?

Mr. LUKEN. He was pulled out about, I would say, 2 years afterward. He got into all sort of bad publicity. I don't think there was any actual legal difficulties. He turned out to not be an asset to them in any way. He wasn't accomplishing his purpose.

Mr. KENNEDY. Did you receive information that he was taking money from employers, or at least on one occasion?

Mr. LUKEN. In a couple of instances; yes, sir. We had an affidavit turned over to the lawyer from one of the unions that he was accepting money, and I had an employer say that he wanted some cabbage, and that he gave him \$25. But when we tried to get the employer to stand up, he ran for cover.

Mr. KENNEDY. I think we have a copy of the affidavit that you were referring to, which indicates that he tried to get money from an employer, other than the \$25.

Mr. LUKEN. I didn't know you had a copy of it, sir.

Mr. KENNEDY. Was this sworn to?

(The witness conferred with his counsel.)

Mr. LUKEN. I do not know, sir. I wasn't there personally. I was not there. I have read that at one time or another.

The CHAIRMAN. What is this document? You say you are familiar with it.

Mr. LUKEN. It is an affidavit, I believe, from a man who was a foreman for a—

(The witness conferred with his counsel.)

The CHAIRMAN. I ask you to examine the document and state if you can identify it. It doesn't show any oath having been attached to it in verification. I don't know what the original may show. That appears to be a photostatic copy.

(The witness conferred with his counsel.)

Mr. LUKEN. Sir, I was not present. I have read this at a previous time. I am informed that it is a transcript of a recorded conversation; that it is not an affidavit as the counsel stated. It is a transcript of a recorded conversation.

The CHAIRMAN. Between whom?

Mr. LUKEN. The questions were asked by a Mr. J. W. Brown, an attorney. The answers are by Lee Adam White.

The CHAIRMAN. Where was this document kept?

(The witness conferred with his counsel.)

Mr. LUKEN. It would be in the office of the files of local union 100 or in their attorney's office.

The CHAIRMAN. It wasn't in your possession?

Mr. LUKEN. No, sir. But I had observed it previously.

The CHAIRMAN. I am trying, if it has any significance, to get it properly identified so that it may go into the record and be made an exhibit. You have no knowledge of it other than having seen it at some time?

Mr. LUKEN. The only knowledge I have is that Mr. J. W. Brown, an attorney, who also happens to be Brown & Gettler, who happen to be our attorneys, told me that he had taken this statement from this foreman and he let me read the statement as it was of interest to me in my position of joint council president.

It is not, to my knowledge, an affidavit, but it is a transcript of the conversation between them.

The CHAIRMAN. Of an interrogation?

Mr. LUKEN. An interrogation would be the best correction; yes, sir.

Mr. KENNEDY. It is not that important, Mr. Chairman.

The CHAIRMAN. At the present, it will not be made an exhibit. I wanted something more authentic.

Mr. KENNEDY. The point I was trying to make is that Mr. Friedman came in first to disrupt the operations of Mr. Luken, and he ended up going to jail in connection with receiving money from an employer, receiving money under false pretenses.

Then they sent in their Mr. Vanni. He got into difficulty also. They received information that he was going around telling the employers that he would get them a better contract than they were getting from the local union.

They subsequently learned that he was also taking money from employers. This was one of the means of substantiating the statement, but it is not important as he has given it under oath anyway, that they did receive information.

And because of the bad publicity that Vanni received, he did have to leave the city of Cincinnati; is that correct?

Mr. LUKEN. I believe Mr. Presser was quoted in a newspaper statement as saying he was fired.

The CHAIRMAN. That is the second man that was sent in to disrupt your local?

Mr. LUKEN. Yes, sir.

The CHAIRMAN. The other one that was sent to the penitentiary, was that for a crime committed there in connection with his work, trying to undermine you?

Mr. LUKE. No, sir. He was also an official of the Dry Cleaning Workers Union, which is now defunct. The international is defunct itself. The Dry Cleaning Workers, not the Teamsters.

The CHAIRMAN. What he was convicted for was not something he did in connection with that particular assignment to undermine you?

Mr. LUKE. Well, he was tried under a blackmail indictment for accepting \$500 from the employer for labor peace. As I recall, the judge's decision was that he did accept the \$500, but this was not blackmail under the statutes of the State of Ohio, and along with the investigation at that time the police found, as I understand, some faulty affidavits and he was eventually sent to jail for making false statements.

The CHAIRMAN. I was just trying to ask one question, whether it was related to his assignment down there to get you or undermine your local, or was it related to some other activity.

Mr. LUKE. I think it was indirectly related to his general assignment in the Cincinnati area.

Mr. KENNEDY. Did Mr. Presser tell you that Mr. Vanni had been sent down for that specific purpose, the second gentleman?

Mr. LUKE. At one time Mr. Presser told me, this was one of the times he was giving me the sweetness and light treatment, he told me Mr. Vanni was in there not to organize, but to disorganize, and if we would cooperate, Mr. Vanni would be pulled out.

I told him Mr. Vanni wasn't effective, and if that was the best he could send in, he could leave him there as long as he wanted to.

Mr. KENNEDY. Then you had some elections, the last elections that occurred in 1958; is that right?

Mr. LUKE. Those are elections within the Teamsters Local 100. That is our biggest local, the general trucking local.

Mr. KENNEDY. That was an election of some importance, because it was a question of whether the delegates were going to be—

Mr. LUKE. Well, we almost have the pro-Hoffa and the anti-Hoffa side to some extent. The incumbent officers in that local were the president and two other officers who were pro-Hoffa, and the rest of the officers, if you want to characterize them, were against him.

May I say for democracy or against it. It was an important election. I would assume it seemed like all the forces of the international were thrown in there to try to win it for their people.

Mr. KENNEDY. Who finally won it?

Mr. LUKE. The anti-Hoffa people.

Mr. KENNEDY. The people on your side?

Mr. LUKE. Yes, sir. They had to have three elections and two court hearings, but they finally made it.

The CHAIRMAN. Is this local 100 in your joint council?

Mr. LUKE. Yes, sir. It is the biggest local in the joint council, probably the most effective economically; the most important economically, excuse me.

Mr. KENNEDY. There was a gentleman by the name of Morris who was heading up the Hoffa forces?

Mr. LUKE. Well, he wasn't originally heading them up. As I said, they had to have three elections. They had to have an election

to validate the election—I don't know. It is pretty difficult to beat somebody that has Mr. Hoffa's approval.

There was a whole series of elections. Mr. Morris was on the ticket of one of the—well, he was originally a minor official, but when Mr. Starling lost, the incumbent lost, he seemed to be set back in the Hoffa forces, and Mr. Morris then seemed to come forward as their spokesman.

Mr. KENNEDY. What was Mr. Morris' first name?

Mr. LUKEN. Robert, I believe.

Mr. KENNEDY. Did he have any position in the union?

Mr. LUKEN. He was a truckdriver, sir.

Mr. KENNEDY. No official position?

Mr. LUKEN. No, sir.

Mr. KENNEDY. Was he one of those who were leading the fight against your people?

Mr. LUKEN. After the election was lost by Starling, he emerged as the leader to have the election set aside so that they could have another election.

Mr. KENNEDY. The election was by voting machines; is that correct?

Mr. LUKEN. The elections were by voting machines, sir.

Mr. KENNEDY. Larry Steinberg, one of Hoffa's lieutenants, oversaw the election?

Mr. LUKEN. Larry Steinberg, who is the personal representative of Mr. Hoffa, came in and was present at all times during the casting of ballots and the counting of ballots.

Mr. KENNEDY. And the anti-Hoffa faction won?

Mr. LUKEN. Yes, sir.

Mr. KENNEDY. Nevertheless they attempted to set it aside; is that right?

Mr. LUKEN. Well, while the election results were over, the election was over, but the results were not in, and Mr. Steinberg said this was a fine, honest election. When his man lost, somehow or other, he said it wasn't any good, that the machines ought to be thrown out.

Mr. KENNEDY. But ultimately you were sustained?

Mr. LUKEN. Through court.

Mr. KENNEDY. Was there another election?

Mr. LUKEN. There was an election to decide whether the first election should count.

Mr. KENNEDY. What was the result of that?

Mr. LUKEN. The same people won that.

Mr. KENNEDY. Did they use some tactics against people in local 100 that were supporting you?

Mr. LUKEN. When you say "they," I don't know. All of us have had these normal tactics. I mean, they sent the undertaker to my house once to pick up my body; they sent flowers to my funeral. I don't know who they were, but these things happened coincidentally.

Mr. KENNEDY. During this period in 1956, or so, did you receive telephone calls yourself?

Mr. LUKEN. I would say about 100.

Mr. KENNEDY. What would they say in the telephone calls?

Mr. LUKEN. About two-thirds of them, there just wasn't anybody there when you answered, and some of them said, "Get out of town,"

or "Have you got your bags packed?" A couple of them were from women who told my wife that I was running around with other women.

This was a credit to me, because I can't conceive of being successful. But it got old hat after a while.

Mr. KENNEDY. And did they send the undertaker to your home?

Mr. LUKEN. Well, he never got there, but he called me up. It happened that I knew him. He explained to me that he had a call to come out and pick up my dead body. Believe me, I am not there yet.

Mr. KENNEDY. Were there also flowers sent to your home, to your funeral?

Mr. LUKEN. There was an order sent in the name of the president of the central labor council who sent flowers to the home of my brother for my funeral. I don't know who placed these things.

Mr. KENNEDY. This was, however, during the—

Mr. LUKEN. The worst one, as far as I am concerned, though, is one of the officials who won in this local 100 election, the first thing you know he is charged with rape in court, which, knowing the person, is ridiculous, and later on the woman who made the accusation admitted to us that she was paid \$195 to do so and promised \$1,000 if he was indicted.

The CHAIRMAN. Why did they short-change her \$5?

Mr. LUKEN. I couldn't tell you, Senator. I wasn't in on it, believe me.

Mr. KENNEDY. By whom was she paid?

Mr. LUKEN. All I know is what she said, and she said she was paid by "the Great White Father in Washington." She was paid by Robert Morris, whom she quoted as saying he got the money from "the Great White Father in Washington."

Mr. KENNEDY. Did she say who she understood "the Great White Father" to be?

Mr. LUKEN. She understood Hoffa, or Bill, I believe, meaning Bill Presser.

Mr. KENNEDY. All of this effort against you and your operation at this juncture was run by the same Mr. Morris, who paid the woman to make the charge against one of your lieutenants; is that right?

Mr. LUKEN. Well, he also had his car bombed and made the implication that some of us did it. As soon as I heard about it, he was in the hospital, I called the police chief and I said that "I will tell you that any of our people will not only prove that they are not guilty, but they will prove their innocence, and if any one of you request it we will take a lie detector test." All of them did. Mr. Morris didn't.

Mr. KENNEDY. The man whose car was bombed?

Mr. LUKEN. He refused three times to take it.

Mr. KENNEDY. Isn't it true that a few hours prior to the time his car was bombed, he called the insurance agency to find out if he would be paid insurance if his car were bombed?

Mr. LUKEN. That's what the police officials told me. I don't know of my own knowledge.

The CHAIRMAN. Do you attribute all of this to the fact that you oppose Hoffa and his methods?

Mr. LUKEN. I don't attribute it to anything. I just say it coincidentally happens.

The CHAIRMAN. Yes, you do. It is only human nature that you would attribute it to something.

Mr. LUKEN. I would say if I had not been in opposition to Mr. Presser or Mr. Hoffa, I don't think it would have happened.

The CHAIRMAN. All right. I don't know, but that is the negative way of saying "yes."

Mr. KENNEDY. You know that is the reason, Mr. Luken; that is the reason that you feel all of these things have happened. It is common knowledge in Cincinnati.

Mr. LUKEN. If you ask me if I feel, that is the reason I feel. But if you ask me if I know, I just say I don't believe it would have happened—

The CHAIRMAN. You can attribute without knowing.

Mr. LUKEN. Yes, sir.

The CHAIRMAN. I didn't ask you if you knew. I asked you if you attributed.

All right; proceed.

Mr. KENNEDY. I want to get into the contract phase of the situation now, Mr. Luken.

As a general proposition, have the contracts in the Ohio Conference of Teamsters been higher than the contracts of the rest of the Central Conference of Teamsters?

Mr. LUKEN. Well, understand, sir, I am primarily an official of the Milk Drivers Union—

Mr. KENNEDY. I understand. I am just asking generally.

Mr. LUKEN. On request, I help the other unions. But when they get into area negotiations, they go by me. Prior to the present agreement setup, the Ohio Conference had the Ohio highway drivers under Ed Murphy, through the chairman of it being Harry Carr, in Toledo. The contract rates for over-the-roads in Ohio has always been superior to those existing in the 11-State area of Mr. Hoffa's; yes, sir. They are still superior, but during the last 6 years this superiority has been hacked away.

For example, during the period 1955-58, the general rate increase was 25 cents, but the Ohio people got 15. From 1958 to 1961, the contract rate is 10, 7, and 6, and the Ohio people get 7, 6, and zero. So they are both progressing, understand, sir, but they are progressing at a less rapid rate than previously.

The differential is being wiped out on the guaranteed runs, and the guaranteed runs are the guts of the agreement, sir.

Mr. KENNEDY. This, of course, Mr. Chairman, is of extreme importance because of the contentions made by Mr. Hoffa's chief lieutenant that the best contracts in the Teamsters have been negotiated by him personally. We found out from testimony yesterday that this was not true in the eastern contracts, that the Central States Conference of Teamsters contracts are below those of the eastern conference.

Now we find that the contracts negotiated in the Ohio Conference of Teamsters, which were a part of the Central Conference of Teamsters, are higher than the contracts that have been negotiated by Mr. Hoffa. In order to equalize them, they are not permitting the Ohio Conference of Teamsters to go ahead as quickly, so that the Central Conference of Teamsters will ultimately catch up.

That is it in substance, isn't it?

Mr. LUKEN. That, I understand, is it. The basic agreements had an original, different approach. One is on mileage and the other is hourly, hourly rates with guaranteed runs. The guaranteed runs are still superior to the mileage rate. Those were included in what is called the Ohio rider.

Mr. KENNEDY. One of the most important parts of the contract is the grievance clause, is it not?

Mr. LUKEN. Well, I think I previously stated that a good contract with a bad grievance procedure, or not able to effectively process a grievance when the employer does not comply with the agreement, automatically makes it a bad contract, in my opinion.

Mr. KENNEDY. Have Mr. Hoffa and his lieutenants tried to harass you and your people through the grievance procedures of these contracts?

Mr. LUKEN. Well, understand, my particular local refused the only area agreement in our field. It was way substandard to what we had, and was for 6 years, and provided us nothing. So we refused it.

Mr. KENNEDY. What contract was that?

Mr. LUKEN. Beatrice Foods Co.

Mr. KENNEDY. What happened in that case?

Mr. LUKEN. In that case, we received a telegram to come to Chicago to a meeting, just a meeting about the Beatrice Co. We did not attend for some reason which I don't recall, but we did not attend.

Later we got a communication with a contract which said that the contract had been ratified and it was now binding upon us and we would have to accept it. We went over it, and in 15 pages and 34 articles we found that there were all sorts of things that we had enjoyed over a period of years, such as seniority for drivers—understand, this agreement does not include wages. The wages were supposed to be an addenda that you negotiated separately. We could not accept it.

Mr. KENNEDY. Why? What was wrong with the contract?

Mr. LUKEN. In the first place, it is a 6-year agreement. I don't see how you can set out an agreement for 6 years. That is getting to be an awful long time.

In the second place, not only did it not maintain the standards we had, but it would—a thing like seniority to drivers is an important thing to people like us, and we are not about to give it up.

But the worst thing about it all was this: I, obviously, am not politically in good with the administration, and under this contract any time there was a grievance the company could simply tell us to go jump in the lake, they are going to take it to Chicago and settle it with Jimmy.

Under this contract, they had the final say. It wouldn't make any difference what our members thought. They had the final say.

Mr. KENNEDY. Did this contract actually give up benefits that you had been able to obtain?

Mr. LUKEN. As it was written, it gave up benefits. Later on, Mr. Gibbons and Kavner came in town to sell me on the idea, and they explained to me that they thought they could hold all of these benefits for us. But we already had them. Why should we take a chance on their thought that they could hold them for us?

Mr. KENNEDY. This contract was negotiated by whom?

Mr. LUKEN. I could not tell you. It makes reference to a committee. I don't know who. I understand Dick Kavner was the moving force behind it, but I am not positive.

The CHAIRMAN. What has happened since you refused to abide by that contract but relied upon retaining the contract that your local had negotiated with this firm?

Mr. LUKEN. Then the company came in and told us we had to take it. We just would not do so. Finally the company amended their position to say that they would continue to accept the Cincinnati area agreement.

The CHAIRMAN. What?

Mr. LUKEN. Finally, the company amended their position to accept the agreement that we had with all the dairies in Cincinnati.

The CHAIRMAN. In other words, you maintained, in spite of the Hoffa crowd trying to make you accept a contract for 6 years that they had negotiated, that gave you less than what you already had?

Mr. LUKEN. Understand, sir, the wages in this agreement—

The CHAIRMAN. I am not talking about wages. It gave you less, as you have described it.

Mr. LUKEN. Yes, sir.

The CHAIRMAN. They tried to force you to take it?

Mr. LUKEN. Yes, sir.

The CHAIRMAN. Then the management, the firm, tried to force you to take it?

Mr. LUKEN. Yes, sir. The firm told us they could not negotiate with us on subjects covered in this master agreement, but that we had to take those in the master agreements.

Our people unanimously rejected it at the meeting, those working for the company, and our union in general rejected area agreements.

The CHAIRMAN. In other words, your local stood firm on what you had and refused to take what the company insisted that you take and what the Hoffa higher-ups insisted that you take?

Mr. LUKEN. Yes, sir.

The CHAIRMAN. And you still have what you had?

Mr. LUKEN. Yes, sir.

The CHAIRMAN. You are still operating that way?

Mr. LUKEN. Yes, sir.

Senator CAPEHART. What company is that?

Mr. LUKEN. Beatrice Foods Co.

Mr. KENNEDY. Do they operate nationally?

Mr. LUKEN. Yes, I would say nationally. They have operations in Hawaii. But mainly they are located between the Rockies and the Alleghenies. They have other operations, but their main area is between the Rockies and the Alleghenies.

Senator GOLDWATER. Mr. Luken, you negotiate for milk drivers, don't you?

Mr. LUKEN. And workers that go along with it, the dairy industry, the margarine industry, the ice cream.

(At this point Senator McClellan withdrew from the hearing room.)

Senator GOLDWATER. Let's take the case of the milk truckdriver. Is he on an hourly rate or a mileage rate?

Mr. LUKEN. The milk truckdriver is, generally speaking, a salesman, sir. In most cases he is on a salary and commission.

Senator GOLDWATER. But he has a basic hourly rate?

Mr. LUKEN. No, sir. He is on a salary and commission. In our case, with a maximum number of hours that can be worked within the framework.

Senator GOLDWATER. Do you negotiate the salary?

Mr. LUKEN. Yes, sir.

Senator GOLDWATER. How does the salary that you negotiate with you local compare with salaries paid elsewhere in Ohio or the Middle West?

Mr. LUKEN. I would say that New York, Chicago, undoubtedly, are ahead of us. We are way ahead of the South.

Senator GOLDWATER. I am talking just about the Middle West, Ohio, Indiana, Illinois.

Mr. LUKEN. I believe we are—well, outside of Chicago, in Illinois, they are very low. Downstate Illinois is very low, and Indiana is not too high. In Ohio, the three principal cities do not deviate too much.

I believe Cleveland is probably a little higher than we are. Toledo is a little below us.

Senator GOLDWATER. What is the salary agreement between your local and your companies?

Mr. LUKEN. Do you want to switch it to the hourly paid people? We have both.

Senator GOLDWATER. No; I am interested in this point. What brought this up is that we have a note in the witness sheet that rates under the contract with Luken are approximately 70 cents per hour higher than contracts negotiated by local 100.

Mr. LUKEN. I believe you are referring to the margarine companies and not the dairy companies. These are hourly paid people.

Senator GOLDWATER. You negotiate for margarine workers, too?

Mr. LUKEN. Yes. There are three margarine companies in Cincinnati. Two of them are members of our union.

Senator GOLDWATER. Is there a 70-cent-an-hour difference?

Mr. LUKEN. At least that, sir.

Senator GOLDWATER. What is the rate that you have?

Mr. LUKEN. At one company we have an average rate of \$2.47; at another company \$2.38, which is now expiring. It is subject to renegotiation. We hope to bring it up to \$2.47, approximately.

The third company, I would guess from reading the contract and knowing the people, I would say that it averages around \$1.70 to \$1.75.

Senator GOLDWATER. Who negotiated the contract?

Mr. LUKEN. May I make a little explanation of this, sir, because it is not our local? It is local 100. I want to make it clear that it is not the direct responsibility of the people who are now in office. This occurred in 1955. Mr. Crawford, who was a business agent at that time, told me that the contract was signed in Detroit, and that now he was going down and sign up the members.

In other words, the agreement was arranged in Detroit without any membership at all, and after the agreement was made they were going down to sign up the members. That was a 6-year agreement, too. May I say when you smell 6-year agreements, look twice. But that was a 6-year agreement with a reopening at the end of 3 years.

On December 15 of this year, Mr. Starling, who was defeated in the election on December 3, and who should have been out of office, signed another agreement continuing, in effect, basically the old agreement, with 5 cents an hour, and that is what brought it up to the average rate of, I would say, \$1.75 or \$1.80. But the original agreement, I think—my copy states to me that it was signed in Detroit, because it carries three signatures. It carries the signature of a man in Detroit on the bottom line as if he signed it first, then there are two names squeezed in above the top line, one being Starling and one being Crawford. They are both defeated candidates in this particular local.

They executed this agreement the second time after they were defeated, before the others could become installed.

(At this point Senator McClellan entered the hearing room.)

Senator GOLDWATER. To your knowledge, are there other contracts that have been negotiated in the same way as the one we have just described in your local 100, that pay approximately the same rate, \$1.75 an hour in other places in Ohio or in Indiana? Do you know of those?

Mr. LUKEN. I don't believe so. I think, Senator, margarine production is largely a southern operation, and there are some pretty low rates in the South. But they are not typical of our area.

Understand, Senator, there are three companies. One of the ones we have has over 100 people involved. Another one has 20, and this third operation has about 20 people involved. So that the normal pattern would be that they would follow the largest ones in this area. But that has not been done in this case.

Senator GOLDWATER. This is such a large differential. That is the reason I am staying at this. I want to find out if this is a pattern generally across that section of the country for margarine workers.

Mr. LUKEN. The only other one I know of—I can't pattern margarine companies throughout the country too well. There is one in San Francisco I know of whose rates are similar to ours, and the one in Detroit, the same company, in Hoffa's local, their rates are equal to ours, and maybe a little better.

Senator GOLDWATER. Let's go into the drivers' field which everyone thinks of as being the Teamsters. To your knowledge, are the across the road, the highway drivers paid pretty much the same across the Middle West, in that central conference?

Mr. LUKEN. The basic agreement is now the same, sir.

Senator GOLDWATER. All across?

Mr. LUKEN. As far as I know, other than the Ohio rider, which is a preservation of a previous better condition.

Senator GOLDWATER. What was that better condition?

Mr. LUKEN. Well, sir; they work on hourly rate with guaranteed runs. In other words, you get a certain number of hours between Cincinnati and Cleveland, whether it takes you that long or not, unless you exceed it. If you exceed it, you have the higher. When you apply that rate to the number of hours granted, you have a higher pay for that job than if you applied the Central States mileage agreement.

But the Central States mileage agreement, other than Ohio, applies universally. As far as I know, in local 100, in our town, they stick to that religiously and do the best they can to enforce it. I have heard that in other cities there are special agreements.

Take this margarine company. I think if you will read the agreement, you will find in that case the going rate on mileage is 9.05, and I think that provides 7½ or 8 cents. The number of people involved in driving in the margarine companies is very small, sir.

Senator GOLDWATER. What are we talking about now? In the margarine contracts, are we talking about 300 people, approximately?

Mr. LUKE. In Cincinnati? No, sir; 150.

Senator GOLDWATER. 150?

Mr. LUKE. Yes, sir.

Senator GOLDWATER. Then 150 people out of your total membership in the council of what?

Mr. LUKE. 18,000.

Senator GOLDWATER. Of course, the Teamsters, we find, covers a multitude of jobs. Are the bulk of these people, the 18,000, actually engaged in cartage or Teamster work, driving?

Mr. LUKE. If you are going to say driving, I would say half.

Senator GOLDWATER. Half of them?

Mr. LUKE. Yes, sir. If you are going to say—well, take, for instance, our particular local, the Dairy Employees Union. All of the people who work for the dairies, with the exception of management personnel and office clerical persons, are covered and represented by our union.

In our particular union, roughly half of them, you might say, have a wheel in their hand and the other half are engaged in production, maintenance, et cetera.

Senator GOLDWATER. Does this cover the milkers?

Mr. LUKE. This does not take place in the city. This is the farm. The actual milking of the cows has not been unionized, sir.

Senator GOLDWATER. That is all.

Senator CAPEHART. What company pays \$2.47?

Mr. LUKE. Merchants Creamery Co.

Senator CAPEHART. How many employees?

Mr. LUKE. About 25, sir.

Senator CAPEHART. What company pays \$2.38?

Mr. LUKE. Nu-Maid Margarine Co.

Senator CAPEHART. How many employees?

Mr. LUKE. About 110.

Senator CAPEHART. What company pays \$1.75?

Mr. LUKE. Shedd Bartush Foods.

Senator CAPEHART. How many employees?

Mr. LUKE. About 25.

Senator CAPEHART. About 25?

Mr. LUKE. Yes, sir.

Senator CAPEHART. That contract was made 6 years ago?

Mr. LUKE. No, sir. It was a 6-year agreement made in 1955.

Senator CAPEHART. Do each of these employees do similar work in the three companies?

Mr. LUKE. Identical, sir.

Senator CAPEHART. Identical?

Mr. LUNEN. Yes, sir. The production of margarine in all cases is very similar. This company uses a different brand of machine, or maybe it is more progressive in one phase.

Senator CAPEHART. Let me ask you this question: What responsibility does the international union, Teamsters Union, have to the

locals and what responsibility do you have to the international? What is the connection? Under your rules and regulations, are they entitled to discipline a local union?

Mr. LUKEN. Let me try and give you a nontechnical answer. Prior to 1950, basically the Teamsters was a federation where the local unions were autonomous local unions. I think Dave Beck first installed the conference setup.

Of course, management does, too, with your big national companies; it forces this to some extent. On the west coast it was refined where the local unions became of lesser importance and the conferences and joint councils became of more importance. I do not like this, when it can be avoided, because it takes the membership away from the membership and puts it in the hands of professionals who are possibly not always motivated by the membership.

But it also is very effective if used properly. That, basically, was the Teamsters concept prior to 1950. There has been a very drastic change in that concept to make the local unions more or less simply a part of the whole. The constitution—well, let me say that the constitution says that the general president shall interpret it, and I do not wish to hazard an interpretation as to what it means.

Senator CAPEHART. You do pay part of your local members dues to go to the international?

Mr. LUKEN. Yes, sir.

Senator CAPEHART. And they do have certain rights within your union, do they, or do they not?

Mr. LUKEN. Will you differentiate in what you mean by the word "union"?

Senator CAPEHART. As I understand your setup, you have a local union, you have a conference, and then you have the international union.

Mr. LUKEN. They certainly have rights within the local.

Senator CAPEHART. The international union does?

Mr. LUKEN. We sometimes have wondered whether we get too much benefit from the international union.

Senator CAPEHART. Could the international union, for example, call the members of these three unions you just mentioned out on strike?

Mr. LUKEN. I would say that it certainly would be improper and has not, to my knowledge, ever been the procedure. Unless the local union had entered into a joint negotiation with other local unions. Then your vote would be by unions rather than by members.

Senator CAPEHART. If one of these unions or all of them went out on strike, could the international union order them back to work?

Mr. LUKEN. They could deny them benefits, strike benefits.

Senator CAPEHART. Do they have a right to simply say, "We believe that you should go back to work"?

Mr. LUKEN. A lot of these questions you are asking, I think have an awful lot of legal conclusions to them. The international constitution says if a local has refused arbitration, the international may order you to go back to work pending an arbitration. Unless you would get into inherent powers of the president or inherent powers of the executive board, I don't believe that there is any specific constitutional provision whereby the international could order a union back to work if it was not breaching its agreement and if it had complied and taken proper strike votes.

Senator CAPEHART. If the international union had reason to believe that they were violating a contract with an employer, could they order them back to work? Do they have the right to?

Mr. LUKEN. Certainly they could order them. I don't know whether they have a right to. I really don't know, sir. I would say as a local union official, if I got such an order I would certainly run to my lawyer.

Senator CAPEHART. Can the international union go out and bargain directly with any one of these three locals, or three companies?

Mr. LUKEN. That is a position I disagree with Mr. Hoffa on. I think he says yes, and I say no.

Senator CAPEHART. You say the international cannot?

Mr. LUKEN. Not unless the local vests that authority with him.

I think it is covered by the Taft-Hartley law, sir, whether the constitutions cover it or not. I think the basic law of the country has preempted the constitution.

The local, if it is a certified bargaining representative, I believe the law has been held that it is the certified bargaining representative.

Senator CAPEHART. What I am trying to get at is how can you have an international union if it doesn't have some power of discipline over its local unions, or should it have power of discipline.

Mr. LUKEN. Let's say we have a federation, which is another refined step, and there the power is much limited. In international unions, they will vary from being a form of a federation, to almost complete control of them.

In the Teamsters, I have to concede that the question may be one that is subject to interpretation as to just what the constitution now provides.

Senator CAPEHART. Doesn't the international union have to give you a right or anybody a right, or a franchise, or a charter, to organize a new union or to organize a company?

Mr. LUKEN. To give you a right to go organize a company, if you have a charter? I don't believe you have to seek any permission from anyone if the members want it, unless you would be infringing upon another chartered local's jurisdiction.

Senator CAPEHART. Could I go out and start a local Teamsters union in Cincinnati or any other town without getting permission from the international union?

Mr. LUKEN. No, sir. If there was not a local, you would have to make application for a charter from the international union.

Senator CAPEHART. Then if the international union——

Mr. LUKEN. Actually, as a matter of practice, sir, you could go out and organize a union as an independent and after you did so, you could then affiliate.

Senator CAPEHART. No, I mean organize it as a part of the Teamsters Union. Your answer is I could not?

Mr. LUKEN. I think that is right, sir.

Senator CAPEHART. If the international union, then, gave you a charter, and you can't organize without their permission, they must have some responsibility, then, do they not, for your actions, for the union's actions, or should have if they give you a charter?

Mr. LUKEN. I presume they should to some extent sir. To what degree, I don't know. I am a firm believer that whenever possible

the best and most effective form of government, and that is what the union is, is as close as possible to the people directly affected.

Senator CAPEHART. Would you feel you would be better off as the head of your union if it was not affiliated with the Teamsters Union?

Mr. LUKEN. I think the answer that we are affiliated is the best answer.

Senator CAPEHART. But you seem to want to deny them any responsibility or authority for its action. How can you have your cake and eat it, too?

What I am trying to find out is how much authority they do have over the locals, and how much you, the local, can look to the international for certain help.

Mr. LUKEN. Sir, I keep going back to, I think, whenever possible the wishes of the members themselves should prevail, whatever entity is involved, whenever possible. I will grant you that in the republican form of government, or the democratic form of government, you have to have some legislative authority, and some degree of responsibility. You are asking a very theoretical question which would go as to whether you should have locals at all, and if you don't have any locals at all it is a little bit like where does the Federal Government supersede over the local government. Certainly the international has some authority as long as we are affiliated with them.

Senator CAPEHART. That is all, Mr. Chairman.

The CHAIRMAN. Senator Ervin.

(At this point Senator Goldwater withdrew from the hearing room.)

Senator ERVIN. Mr. Luken, as a matter of principle, are unions supposed to exist in order that they might obtain better wages and better working conditions for the members of the locals? Is that not true?

Mr. LUKEN. That, I believe, is the primary purpose.

Understand, Senator, that from time to time that stated objective may appear to not be the most important thing, but it still is. As an example, an employer might raise wages beyond the union scale, and you say, "Well, why do we have a union?"

It may well be that that is a calculated effort to just get that reaction so that the employer can get rid of the union and do what he pleases, and have no bargaining rights and no speaking for the individual at all.

There is a certain degree that the interest of the individual has to be taken into consideration of whether the collective good overrides the individual's good. A complete paramount theory of the individual's good eventually results in anarchy. There certainly has to be a form of majority rule.

Senator ERVIN. In other words, your international is formed primarily like the Federal Government, for the purpose of promoting the welfare of unionism in those areas which are general and in an entire area or the entire country.

Mr. LUKEN. You have a community of interest whether you drive a truck in Los Angeles or Cincinnati, and the International is basically formed to bring that community of interest together. The question is whether that community of interest should be completely authoritative by the International or whether it should remain in the

locals is one that I could argue both ways and have not a completely firm answer on in my own mind. I am afraid situations alter cases.

Senator ERVIN. In other words, you have a situation which is essentially modeled on our Federal-State system of government.

Mr. LUKEN. To a degree, yes, sir.

Senator ERVIN. And I want to say that I agree with you normally that as much as your government, whether it is in the union or in a county or municipality, the closer you keep your government at home on essentials, the better off, I think, you are.

Mr. LUKEN. Don't get me in agreement with you on States rights, Senator, although this is a theory. As I say, it is all completely situations altering cases and you have to go into the complete subject. I don't want to characterize a complete statement.

Senator ERVIN. I am not going to get into an argument with you on that, because I think that the Federal Government should be allowed, as the constitution contemplates, to operate in the areas which require national action, and that local governments should be allowed to make final decisions in areas which are local in nature.

For example, the police of a city that are promoted to local traffic ought to be controlled by the local level, while the interstate highway should be controlled by the Federal level.

Mr. LUKEN. To a large extent I agree with you.

Senator ERVIN. The thing in a union is where you have cooperation between your local union and international union and both try to work together for the good of those who are members of the union.

Mr. LUKEN. I think that is right, sir.

Senator ERVIN. I want to commend you for the attitude you have shown toward your unionism, and also your frankness in discussing these matters with the committee.

Mr. LUKEN. Thank you, sir.

(At this point Senator McClellan withdrew from the hearing room.)

Mr. LUKEN. Mr. Kennedy, I don't think I answered your question. I limited my answer originally to what happened in our particular local, and the overall picture is that local 100, which has these area agreements, they certainly have had grievances denied to them on political grounds, rather than on the merits of the case.

Mr. Presser once told me that if they would get on the right side politically they would win the cases they are now losing.

Mr. KENNEDY. That means if a driver puts in a grievance against the company, a claim for more wages, for one reason or another, that the company didn't pay him, and he puts the grievance through, you have found that in Ohio, or the place over which you have some control or influence, that the truck drivers in that area lose their grievances, and you are told by Mr. Presser that they would continue to lose them until you get on the right side?

Mr. LUKEN. That is right, sir. I think the statement he made once was, "Well, you just lost every one of them, but if you would get on the right side you would have won them all."

Mr. KENNEDY. Is the grievance procedure something on which the membership should have some control and rights?

Mr. LUKEN. I again repeat, sir, to me a good contract without adequate grievance procedure automatically becomes a bad contract.

Mr. KENNEDY. That is a matter of some importance as we proceed.

Just summarizing in connection with these contracts again, because of the negotiations that have been carried on prior to the time Mr. Presser came in, the contracts in Ohio were higher than the contracts that were negotiated by Mr. Hoffa in the Central Conference of Teamsters?

Mr. LUKEN. This is in the over-the-road trucking field, and that was true, sir.

Mr. KENNEDY. Over the road?

Mr. LUKEN. That was an Ohio agreement; not a Cincinnati agreement.

Mr. KENNEDY. All of Ohio?

Mr. LUKEN. Yes, sir.

Mr. KENNEDY. In order to equalize that situation, in order to bring Ohio into the pattern with the rest of the Central Conference of Teamsters, the other contracts have been increasing more rapidly than the contracts in the Ohio Conference?

Mr. LUKEN. Yes, sir. The differential is being eliminated. In 6 years, some of it has been eliminated. I am told by the experts that most of it will be eliminated by 1961.

Mr. KENNEDY. That is to bring Ohio down so that they no longer will have higher contracts than the contracts that have been signed by Mr. Hoffa?

Mr. LUKEN. It is to bring them all in line; yes, sir.

Mr. KENNEDY. That is a matter of considerable importance, particularly with the testimony that we had yesterday.

Then we discussed some specific contracts, not over-the-road but specific local cartage contracts. You mentioned the Shedd-Bartush agreement.

Mr. LUKEN. That would not be a local cartage. That is a margin production operation.

Mr. KENNEDY. That was negotiated, was it not, in Detroit?

Mr. LUKEN. Mr. Crawford, a business agent for local 100, told me that it was negotiated in Detroit.

TESTIMONY OF PIERRE E. G. SALINGER—Resumed

Mr. KENNEDY. Mr. Salinger, you made a study of the contract?

Mr. SALINGER. I have.

Mr. KENNEDY. Where does it show it was negotiated?

Mr. SALINGER. The original contract in Detroit, signed by Charles Burg, a business agent of local 337.

Mr. KENNEDY. He negotiated the contract for the firm in Cincinnati?

Mr. SALINGER. Not only in Cincinnati, but a number of other areas where the Shedd-Bartush people had operating plants.

TESTIMONY OF JAMES LUKEN, ACCOMPANIED BY COUNSEL, BENJAMIN GETTLER—Resumed

Mr. KENNEDY. The result of that contract was to bring the wages of this particular company some 70 cents down below other wages?

Mr. LUKEN. No, sir. Understand this company was not unionized at all. He negotiated the contract while the company was not in the union. He negotiated it while there were no union members.

Mr. KENNEDY. The employees didn't agree to this?

Mr. LUKEN. I think they later did. They got a nickel out of it.

Mr. KENNEDY. Prior to the time the negotiations took place, they had not signed up with the union?

Mr. LUKEN. No, sir.

Mr. KENNEDY. The result of the contract that was negotiated up in Detroit was that the wages for the employees in this particular company were some 70 cents below the wages of the competitors?

Mr. LUKEN. They now are, yes, sir.

It was just recently renegotiated.

Mr. KENNEDY. I just have one last question I want to ask you.

Has a contract been negotiated and signed by the Ohio Conference of Teamsters with the dump trucks?

Mr. LUKEN. The contractors, I think. The construction workers. The excavators, dump truck drivers.

Mr. KENNEDY. And prior to the time that the contract was signed for the dump truck operators in the city of Cincinnati, had a telegram been sent to the Ohio Conference of Teamsters informing them that they could not sign a contract on behalf of your union?

Mr. LUKEN. This is local 100, and local 100 told the Ohio Conference of Teamsters that they wanted to negotiate their own agreements, that they were not satisfied with the State negotiations of them.

Nonetheless, three companies that do business in this area, and the Ohio Conference of Teamsters, signed a contract for $6\frac{1}{2}$ – $6\frac{1}{2}$ – $6\frac{1}{2}$ for the next 3 years. The current pattern in Cincinnati on construction workers is $12\frac{1}{2}$ cents for 2 years. I don't know. I am told we have a strike going on or just about to go on because of this.

Mr. KENNEDY. Do you think this is another effort to undermine your operations, of you and your people?

Mr. LUKEN. I think when the local union said they didn't want to be a party to it, and yet they go ahead and do it anyway, and what comes out isn't so good, I can't see that it has been done to make friends and influence people.

Mr. KENNEDY. And the ones to suffer in all of this, which is the important thing, in all of these operations that you have described today, are the employees, the members of the Teamsters Union.

Mr. LUKEN. Let me say it is my opinion that part of this operation is to cause trouble within the local union and then be the great savior to solve the problem.

Mr. KENNEDY. Then during the course of this, those who suffer are the members of the Teamsters Union?

Mr. LUKEN. At least temporarily, yes, sir.

Mr. KENNEDY. Is there anything else that you think we should cover?

Mr. LUKEN. I am here at your pleasure.

Mr. KENNEDY. You might have to be recalled.

Mr. LUKEN. All right, sir.

(At this point Senator McClellan returned to the hearing room.)

The CHAIRMAN. The committee will stand in recess until 2:30.

(Members of the select committee present at the taking of the recess were Senators McClellan, Ervin, and Capehart.)

(Whereupon, at 12:25 p.m., the select committee recessed, to reconvene at 2:30 p.m., the same day.)

AFTERNOON SESSION

(The select committee reconvened at 2:55 p.m., in the caucus room of the Senate Office Building, Senator John L. McClellan, chairman of the select committee, presiding.)

The CHAIRMAN. The committee will be in order.

(Members of the select committee present at the convening of the afternoon session: Senators McClellan and Ervin.)

The CHAIRMAN. Call the first witness.

Mr. KENNEDY. Mr. Grabowski.

The CHAIRMAN. You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. GRABOWSKI. I do.

TESTIMONY OF RICHARD GRABOWSKI

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. GRABOWSKI. My name is Richard Grabowski, and I reside in Baltimore, Md. I am a business agent for Teamsters Freight Drivers, Local 557, Baltimore, Md.

The CHAIRMAN. Thank you. Do you waive counsel?

Mr. GRABOWSKI. Yes, sir.

Mr. KENNEDY. You are business agent of Local 557 of the Teamsters of Baltimore, Md.?

Mr. GRABOWSKI. That is right.

Mr. KENNEDY. And this local has some 4,500 to 5,500 members?

Mr. GRABOWSKI. Yes; the membership fluctuates from 4,500 to 5,500 members.

Mr. KENNEDY. What is their jurisdiction?

Mr. GRABOWSKI. Predominantly over-the-road freight hauling.

Mr. KENNEDY. How long have you been a Teamster Union member?

Mr. GRABOWSKI. I have been a member since 1944.

Mr. KENNEDY. You started driving a truck then?

Mr. GRABOWSKI. Yes, sir.

Mr. KENNEDY. How long have you been an officer?

Mr. GRABOWSKI. I was elected for a 1-year probationary period in 1956. After that 1-year probationary period, the chairman of the general meeting—we had a general meeting, and there was a motion on the floor to install me by acclamation, and the motion carried.

But I requested the Chair to place my office up for ballot vote, and requested nominations be taken, and therefore I was elected by a ballot vote rather than acclamation.

Mr. KENNEDY. You refused to take it by acclamation?

Mr. GRABOWSKI. Yes, sir.

Mr. KENNEDY. You felt there should be a ballot vote and wanted to have everybody vote?

Mr. GRABOWSKI. I wanted to be sure the membership wanted my representation.

Mr. KENNEDY. And you were voted in at that time?

Mr. GRABOWSKI. A majority of 9 to 1.

Mr. KENNEDY. What is your salary there?

Mr. GRABOWSKI. \$145 a week.

Mr. KENNEDY. Do you receive expenses?

Mr. GRABOWSKI. I receive \$35 a week car expenses, and I buy my own car and my own insurance, and repairs, and gasoline and everything that goes with that car. The balance of that money is spent. Usually when you stay close to your membership, you meet them in diners, and when their business agent comes in there is something to pick up, a coffee check, and so that \$35 is spent very easily.

Mr. KENNEDY. But your salary is \$145, and then the \$35 expenses, and you don't have a Cadillac that is furnished?

Mr. GRABOWSKI. No, sir; I drive a 1955 Buick.

Mr. KENNEDY. Which is your own automobile?

Mr. GRABOWSKI. I bought it myself.

Mr. KENNEDY. I don't know whether you were aware of the fact that Mr. Goldstein of Local 239 of the Teamsters in New York City who is a friend of Mr. Hoffa receives \$375 a week, plus \$25 expense, and he is in the penitentiary.

Mr. GRABOWSKI. Well, I intend to stay out of the penitentiary.

Mr. KENNEDY. You have not been very close to Mr. Hoffa, then?

Mr. GRABOWSKI. Not necessarily so.

Mr. KENNEDY. Now, the contracts that exist in your local, are they better than the contracts that have been negotiated in the Central Conference of Teamsters, Mr. Grabowski?

Mr. GRABOWSKI. Well, I have the best car hauling agreement in the country. It is a half cent a mile at this time higher than any other car hauling local in the country.

Mr. KENNEDY. Now, your contract is half a cent higher than the next best contract, and the next best contract is in the eastern section of the country?

Mr. GRABOWSKI. As to the next best contract, you might put it in that fashion. There are two phases to the Eastern Conference truck-away-driveaway agreement. It defines common carrier and contract carrier. These five local unions associated with the contract carriers in this area are the only car haul people who receive premium pay for Saturday or Sunday work. They are the only ones in the whole country.

Mr. KENNEDY. Well, in summary, the contracts which you have negotiated and which exist for this Baltimore local are quite considerably better than the contracts that have been negotiated in the Central Conference of Teamsters?

Mr. GRABOWSKI. Well, in 1954, I was a shop steward and selected by the employers of Anchor Motor Freight to represent them in negotiations.

Mr. KENNEDY. Could I just get an answer to the question and then I will go into details.

Mr. GRABOWSKI. Yes, sir.

Mr. KENNEDY. Are the contracts that exist in your local better than the contracts by quite a considerable amount better than the contracts of the Central Conference of Teamsters?

Mr. GRABOWSKI. They are.

Mr. KENNEDY. Now, going back to the 1955 contract with Anchor Motor Freight, and negotiations that took place at that time, did you have some difficulty during that period of time in connection with the negotiations with Anchor Motor Freight?

Mr. GRABOWSKI. Are you talking about the Eastern Conference agreement?

Mr. KENNEDY. That is correct.

Mr. GRABOWSKI. Yes; I had considerable difficulty, because the application of pay was different than the mileage rate. We had a method of pay where we tried to make a comprehensive breakdown on the work performed rather than the miles driven, because the man who drives 100 miles through mountainous area, and a man who drives on flat territory, and the fellow in the mountain area would be working 3 or 4 hours longer than the fellow in the flatter territory, and so we made a breakdown so they would be paid on hourly rate that would be comparable to each other.

So as a result to achieve uniformity, as the conference put it, we would have to change our application of pay to a mileage breakdown.

Mr. KENNEDY. The result of the 1955 negotiations was to erode away some of the gains and benefits that you had obtained for the local?

Mr. GRABOWSKI. As a result, in the 1955 negotiations, 50 percent of the points of delivery from the Baltimore area were frozen for a period.

Mr. KENNEDY. Mr. Grabowski, I want to see if we can get the general answer first and then we will get into the details of it.

What I am going to try to find out is whether in the 1955 negotiations you lost some of the benefits that you had been able to obtain through negotiations that had occurred earlier.

Mr. GRABOWSKI. Absolutely.

Mr. KENNEDY. And this occurred as a result of the fact that the form of payment was changed in the 1955 negotiations?

Mr. GRABOWSKI. Yes; the method of payment has been changed.

Mr. KENNEDY. And then in 1958, the same situation arose. We have had some testimony in connection with this. Those representatives of the locals of the Eastern Conference who participated in the 1958 negotiations, were they dissatisfied with the progress that they were making with Anchor Motor Freight?

Mr. GRABOWSKI. Yes. We had four or five bad times and we could get nowhere with the company.

Mr. KENNEDY. Were your local and the other locals prepared to strike in connection with that?

Mr. GRABOWSKI. I can only speak for my local. My membership was prepared to strike and we took a strike vote in my membership.

Mr. KENNEDY. Is that the time that Mr. Hoffa came into the negotiations in 1958?

Mr. GRABOWSKI. Well, may I answer it this way: We negotiated 4 months and the company took the stand that we had negotiated and consummated an agreement and insisted that we take it back to our membership for approval or rejection. I took it back to the membership and made a request of them to reject the contract because it would be a definite setback.

Then we came back into negotiations, and then Mr. Hoffa entered the program and chaired the meetings and negotiated the agreement.

Mr. KENNEDY. Was the contract that was negotiated by Mr. Hoffa on behalf of your local and other locals, detrimental, in your estimation to the membership?

Mr. GRABOWSKI. I would say "Yes," and the only way we could overcome that was because there was a provision for a local rider, and my local rider at this time is as large as the master agreement. The local rider, through whatever provision produces the greater, supercedes the other. We negotiated that because we had a maintenance of standards clause in the agreement.

Mr. KENNEDY. Based on that contract, and the fact that within the contract there is this management prerogative clause, what would you estimate has been the loss that has been sustained by the individual driver?

Mr. GRABOWSKI. I would say it is going to be an estimate of \$2,000 a year for the drivers out of the Baltimore area.

Mr. KENNEDY. That is based on the fact that although you had reached an impasse with Mr. Matheson, who was representing the Anchor Motor Freight, you went back to your local and they agreed to take a strike. This was also what occurred in Mr. Daleys local. They had agreed to take a strike and you went back. Mr. Hoffa called you back, and he then took over the negotiations and conducted them and ultimately signed this contract, that has led to a loss of a couple of thousand dollars per year for your drivers; is that correct?

Mr. GRABOWSKI. It was taken back to the membership, and because of the maintenance of standards clause in the agreement, and the local rider that I had negotiated, I took it back to the people and said that we had in my opinion an agreement we could live with, although I pointed out that there was this management prerogative clause that had become part of our agreement.

At that time I relayed to my membership that I didn't know what it would mean to us for the 3-year period, but the company insisted it be in there, or it would mean that they would take a strike to get it in there.

So rather than to lead the membership into a strike, and thinking that I had practically the conditions I had in the previous 3 years, I requested that the membership accept it.

Mr. KENNEDY. What has been the result?

Mr. GRABOWSKI. As a result, the agreement, although some language and certain articles are obeyed, they are being misused, and the intent is not being carried out, and as a result, the company established a relay 68 miles away from the point of origin and they are hauling cars out of that point for a half cent less, because it is no longer a Baltimore, Md., terminal trip.

Mr. KENNEDY. They established a relay outside the city of Baltimore, and because you pay higher wages they were able to use the members of other locals which pay lower wages and use those drivers and thus save money; is that correct?

Mr. GRABOWSKI. That is correct.

Mr. KENNEDY. That has been under the manager prerogative clause?

Mr. GRABOWSKI. Yes.

Mr. KENNEDY. Then they save the Saturday and Sunday overtime, do they not?

Mr. GRABOWSKI. Well, it practically cut 50 percent of the premium pay that was earned in the previous 3 years out of this 3 years, it seems to me.

Mr. KENNEDY. The overall result, as you look back on it now, since the contract was signed, is that each individual driver has lost approximately \$2,000 a year?

Mr. GRABOWSKI. Well, as a result of the use of outside equipment and the relay, they cut our people back to a 5-day week, where it was——

Mr. KENNEDY. The answer to the question is——

Mr. GRABOWSKI. Yes.

Mr. KENNEDY. They have lost that through these various methods that you described?

Mr. GRABOWSKI. They will lose a considerable amount of their annual earnings.

Mr. KENNEDY. What will happen in 1961, when this contract comes up again, Mr. Grabowski?

Mr. GRABOWSKI. Well, although the company said they would take a strike vote to get the managerial clause in, as I stated, I hate to lead the members into a strike because it hurts their families. But I will definitely request a strike vote if this article is not removed from the agreement.

Mr. KENNEDY. Even if, once again, Mr. Hoffa takes the opposite point of view?

Mr. GRABOWSKI. Well, then I will have to find out how long the law will protect us with the conference agreement. The international constitution states that wherever there is an areawide agreement, a local union must participate. Whether my membership rejects it and the rest of the conference accepts it, well, whether I would be legally bound to strike I will have to find out at that time.

Mr. KENNEDY. In summary, then, you fared far better, and your membership fared far better, when you negotiated your own contracts than when Mr. Hoffa came in and negotiated for you?

Mr. GRABOWSKI. When the eastern conference was put together, for the first 3 years 55 percent of the points of delivery were frozen. We didn't receive an increase on 55 percent of the points of delivery because of the eastern conference agreement.

Mr. KENNEDY. Some of the terms you are using are a little technical for us. If you would just answer my question, then you can explain it.

Were you able to gain more through your own negotiations and the negotiations of your own local union officials than when Mr. Hoffa came in and attempted to negotiate and did negotiate on your behalf?

Mr. GRABOWSKI. Yes. We had the best agreement in the country when we were negotiating on our own.

The CHAIRMAN. May I ask you why you think Mr. Hoffa or the representatives of the eastern conference would want to negotiate a contract providing fewer benefits for you than the one you had? What would be the reason for that?

Mr. GRABOWSKI. Well, I didn't know what the reason was. But as I find yesterday, in the testimony that was given here yesterday, that they are trying to achieve uniformity and they don't want the eastern conference to run away from the Central States; it seems that would be the answer.

The CHAIRMAN. In other words, they are holding some down in order for the others to catch up?

Mr. GRABOWSKI. Yes, sir.

The CHAIRMAN. There is then a difference, you find, no doubt there is a difference, between the eastern conference level of benefits and those of the central conference?

Mr. GRABOWSKI. And I would say——

The CHAIRMAN. Is that correct?

Mr. GRABOWSKI. Yes.

The CHAIRMAN. All right; go ahead.

Mr. GRABOWSKI. I would say that difference is only because there were people who negotiated conscientiously and were progressive, and because of that fact the eastern conference agreement is higher. Whether it will be higher in the next 3 years, that remains to be seen.

The CHAIRMAN. I can't quite get what the motive would be on the part of Mr. Hoffa, as head of the Teamsters, now, particularly, as president, to hold down any union, any local like yourselves, that may have gotten a good contract, to say, "Well, now, you have to give up some of those benefits and come down here to a level on the average of the others."

Why would it be necessary for him to do that? I don't quite understand. It seems to me that he is penalizing those who are the most vigilant and alert and competent to look after their members.

Mr. GRABOWSKI. Well, Senator, I can't answer that question. As I say, when we negotiated our own agreement, we had our own autonomy, we, in my opinion, were a closer body. I feel as though because of the conference trying to uniform wages, it looks like I will be standing still awhile.

The CHAIRMAN. You will what?

Mr. GRABOWSKI. I will be standing still awhile.

The CHAIRMAN. You will be standing still a while?

Mr. GRABOWSKI. So far as my increases are concerned.

The CHAIRMAN. I couldn't quite rationalize why it would be necessary if some of you to go along and make good contracts, do pretty well for your folks, making progress all along in the matter of securing better working conditions, wages, and so forth. I can't understand why it would be necessary to hold you folks back, why the international would want to, or why the eastern conference would want to hold you back.

Mr. GRABOWSKI. Well, they claim it is to achieve uniformity. I don't see why they couldn't negotiate the Central States up to us, rather than freezing us to achieve uniformity.

The CHAIRMAN. In other words, bringing the Central States up to the eastern conference would be more advantageous to the workingman?

Mr. GRABOWSKI. I would say, "Yes."

The CHAIRMAN. And you kind of set the pattern for the highest standard in your local; is that correct?

Mr. GRABOWSKI. Yes, sir.

The CHAIRMAN. All right.

Mr. KENNEDY. Could I make some comment on that, Mr. Chairman?

The CHAIRMAN. Yes.

Mr. KENNEDY. Mr. Hoffa has been chairman of the National Truck-away and Driveaway Conference, and that operated chiefly in the

Central Conference of Teamsters. Most of the negotiations by the National Truckaway-Driveaway took place with Carney Matheson.

Carney Matheson, as we pointed out yesterday, and also earlier in the hearings, was in a number of business deals with Mr. Hoffa, including some of these trucking companies. They negotiated the contract. Then they started to move in on the East.

All of the eastern locals of the Teamsters Union had negotiated higher contracts. So Mr. Hoffa came in, as it seemed from the memorandum yesterday, and said the negotiations or the claims of these eastern Teamster officials are much too high, and, "What I suggest you do is," and then he gave some background on some of the Teamster officials in the East and then told the employers, "Why don't you hire Carney Matheson and let him handle it for you?"

Carney Matheson, his old business partner, for \$40,000 came into the East and started negotiating the contract on behalf of the employers. Mr. Hoffa intervened in 1955-58, and all the benefits that these local unions had been able to gain through the years here in the eastern section of the country were suddenly lost with Mr. Carney Matheson and Mr. Hoffa negotiating the contracts. The situation is extremely clear as far as that is concerned.

The CHAIRMAN. All right; proceed.

I was just trying to get this record clear. It is an unusual thing, it is a peculiar thing, at least, to find a labor leader saying, "We have too much money; we have too many benefits. We have to lower it. We have to level this thing off." That is unheard of in my book.

Mr. GRABOWSKI. Well, of course, Senator, that is not my thinking.

The CHAIRMAN. Sir?

Mr. GRABOWSKI. That is not my thinking.

The CHAIRMAN. But I think you are pointing up the contrast here between your thinking and that kind of thinking. Is that correct?

Mr. GRABOWSKI. Yes, sir.

The CHAIRMAN. All right.

Senator ERVIN. In other words, under your view, the effort ought to have been made to raise the other people up instead of dragging your contract or grading your contract down?

Mr. GRABOWSKI. I would say yes. All the years I fought for better conditions seem to have been in vain at this time.

Senator ERVIN. I sort of agree with you. It looks like to me in order to get equality you ought not to drag down those above the average. You ought to try to build the ones who are below the average up to the top people.

Mr. GRABOWSKI. I believe the added effort should have been made there.

Mr. KENNEDY. This is particularly significant because Mr. Hoffa has made the claim throughout the country in all of his speeches, and so have his chief lieutenants on his behalf, that all the corruption and gangsters within the Teamsters hierarchy, not talking about people like yourself, but Mr. Hoffa and his colleagues, that "That should all be excused when we negotiated good contracts for you," when, in fact, the good contracts that have been negotiated have been negotiated by people such as Mr. Grabowski, Jim Luken, Ted Daley, and these others.

Their contracts are far better than the contracts that have been negotiated by the corrupt officials. Many of these contracts are very good. The best contracts are negotiated by these people who have not been found to be corrupt, who don't have to appear before this committee as Teamster officials, and take the fifth amendment, but who can answer all the questions.

The Ohio Conference of Teamsters contracts are better than the rest of the Central Conference of Teamsters, and the contracts here in the East are better than the Central Conference of Teamsters. All of the contracts that have been negotiated by Mr. Hoffa are lower than the contracts in these other sections of the country.

The CHAIRMAN. Are there any further questions?

Mr. KENNEDY. You have already stated that your over-the-road drivers are paid more than the Central Conference of Teamsters over-the-road drivers, have you?

Mr. GRABOWSKI. Our over-the-road people are paid, as I outlined before, by a flat rate schedule. If the mileage is extended, it is at 10 $\frac{1}{4}$ cents a mile, where the Central States is at 9.025. So it is a cent and a quarter higher.

Mr. KENNEDY. Has it happened frequently that these carriers are using drivers from local 299, Mr. Hoffa's own local, who get paid this lesser rate, to come into Baltimore, rather than the drivers of your local to whom they would have to pay higher wages?

Mr. GRABOWSKI. All the freight coming in from the Central States or the West, we only have about 10 percent of the drivers there.

Mr. KENNEDY. It is more profitable, certainly, for the companies to use these other drivers than your own drivers where they have to pay higher?

Mr. GRABOWSKI. That is obvious.

Mr. KENNEDY. So that has been another problem as far as your people are concerned?

Mr. GRABOWSKI. Yes, sir.

Mr. KENNEDY. Thank you.

The CHAIRMAN. Is there anything, Senator?

Senator ERVIN. No.

The CHAIRMAN. Thank you very much.

Call the next witness.

Mr. KENNEDY. Mr. Thomas L. Fagan.

The CHAIRMAN. You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. FAGAN. I do.

TESTIMONY OF THOMAS L. FAGAN, ACCOMPANIED BY COUNSEL, BEN PAUL JUBELIRER

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. FAGAN. My name is Thomas L. Fagan. I reside in Pittsburgh, Pa., 111 Roswyn Drive. I am president of Teamsters Local Union 249, general chartered union in that area.

The CHAIRMAN. Mr. Counsel, will you identify yourself for the record?

Mr. JUBELIRER. Ben Paul Jubelirer, 210 Jones Law Building, Pittsburgh, Pa.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. How long have you been in the Teamsters Union, Mr. Fagan?

Mr. FAGAN. I have been a member since March 17, 1937.

Mr. KENNEDY. How long have you been an officer?

Mr. FAGAN. Since January 1, 1947.

Mr. KENNEDY. How many members do you have in local 249?

Mr. FAGAN. Approximately 10,000 members.

Mr. KENNEDY. You are president?

Mr. FAGAN. That is right, sir.

Mr. KENNEDY. What salary do you receive as president?

Mr. FAGAN. I receive a salary of \$12,000 a year.

Mr. KENNEDY. And you receive expenses?

Mr. FAGAN. Yes. I have a \$100-a-month car allowance. I buy my own car, maintain it, and pay for repairs.

Mr. KENNEDY. Do you have a comparison of the contracts that you and your officials—you do the chief negotiating on behalf of your local, do you not?

Mr. FAGAN. Yes; that is right. I am the chairman of all negotiating committees in local 249.

Mr. KENNEDY. Are the contracts that you have negotiated higher than the contracts that have been negotiated in the Central Conference of Teamsters?

Mr. FAGAN. As Chairman McClellan pointed out yesterday, it is a little hard to make an actual determination in relativity between contracts unless you are in a position of analyzing it in its entirety, because of the cost of fringe benefits.

I have with me here a rough draft to give you some idea of the comparison between the Central States and local union 249 over-the-road freight agreement. If I may be permitted at this time——

Mr. KENNEDY. Do you have another copy for the chairman?

Mr. FAGAN. Yes; I do.

I would like to at this time explain the comparison so that it is clear to the committee because of this particular factor: In our local union, we negotiate our contracts based on agreed-to rates. In other words, between cities we have a fixed rate of pay and that is based on a 20-mile-an-hour formula.

What we have done here is reduce that 20-mile-an-hour formula directly to a trip rate so that it would give you a fair and honest comparison of the difference between the Central States and local union 249.

If you follow me, under the single-axle, that is, a single-axle trailer——

The CHAIRMAN. Let this, for the benefit of those who will try to follow and understand this testimony, be printed in the record at this point.

(The chart referred to follows:)

Comparison of Central States and local 249 over-the-road freight agreements

	Central States, Feb, 1, 1959	Local 249, June 1, 1959
Single axle.....	8.7 cents.....	12.85 cents.
Tandem axle (4 axles).....	8.95 cents.....	13.2 cents.
Tandem axle (5 axles).....	9.07 cents.....	13.2 cents.
Double bottoms.....	10.1 cents.....	16.35 cents.
Paid holidays.....	6, at 8 hours.....	7, at 10 hours.
Lodging.....	\$2.50.....	\$4.
Bereavement leave.....	None.....	4 days.
Health and welfare.....	\$10.83 per month.....	\$10.75 per month.
Pension.....	\$3 per week.....	\$4 per week.

CHANGES IN 1960

	Central States, Feb, 1, 1960	Local 249, June 1, 1960
Single axle.....	8.95 cents.....	13.2 cents.
Tandem axle (4 axles).....	9.2 cents.....	13.55 cents.
Tandem axle (5 axles).....	9.32 cents.....	13.55 cents.
Double bottoms.....	10.32 cents.....	16.7 cents.
Pension.....	\$4 per week.....	\$4 per week.

NOTE.—Prepared by Research Department, E.C.T., July 7, 1959.

The CHAIRMAN. Now you may discuss it and we will know what you are discussing as we read the record.

Mr. FAGAN. Thank you.

Under the arrangements of single-axle, referring to a single-axle trailer, the rate in the Central States is 8.7 cents per mile. Every mile traveled in the Central States under their contract by a driver pulling a single-axle trailer, he is reimbursed to the extent of 8.7 cents. In local 249 it is 12.85 cents. You can see the difference there.

It goes right down. The tandem axle, four axles, is 8.95 cents in the Central States and 13.2 cents in local 249. Tandem axle, five axles, 9.07 cents in the Central States and 13.2 in local 249.

On the double bottoms, and this is a combination of two trailers pulled by a tractor, the Central States rate is 10.1 and ours is 16.35 cents.

That gives you the different analyses of what a man is paid and the differences that exist between the Central States and local union 249.

The CHAIRMAN. That is cents per mile?

Mr. FAGAN. Cents per mile; that is right.

The CHAIRMAN. The driver, when he drives 1 mile in the Central States, has earned the amount indicated here?

Mr. FAGAN. That is right.

The CHAIRMAN. And if he is in local 249, under the contract there, he earns the amount stated under the 249 column?

Mr. FAGAN. That is right, Mr. Chairman. That is exactly how it is added up. And the number of miles traveled at the end of the run is what the compensation is that the man receives. So you can understand very readily that traveling out of local 249's jurisdiction into the Central States, our drivers are paid more than what they are who are operating in a reverse manner from the Central States domicile.

Now, just a few of the fringe items that are different. Under paid holidays, they have six paid holidays at 8 hours. We have seven paid holidays at 10 hours. The lodging for the Central States is \$2.50; for local 249, it is \$4.

The CHAIRMAN. Do you mean that is expense allowed?

Mr. FAGAN. Expense allowed.

The CHAIRMAN. That is in addition to their earnings by mile or day?

Mr. FAGAN. That is right, sir.

The CHAIRMAN. In other words, in the Central States they get \$2.50 a day subsistence and in your jurisdiction, your people get \$4?

Mr. FAGAN. That is right, when they are required to lay over on the other end, that is the compensation they receive in addition to their regular trip rate.

Bereavement leave, in case of death in the immediate family, none in the Central States and 4 days in 249.

Health and Welfare is \$10.83 a month in Central States and \$10.75 a month in local 249.

Pensions are \$3 a week in the Central States for each man, and in local 249 it is \$4 a week.

As you go down the changes are in the 1960 agreement, and they are comparable to the present rates, both increases being granted on a uniform basis.

This gives you some idea. We have tried to break it down to give you a fair analysis of the differences in the agreement.

The CHAIRMAN. In other words, in your 1960 contract, in each jurisdiction in the Central States and also in your local, you have just kind of a percentagewise increase, was it?

Mr. FAGAN. That is right, sir.

The CHAIRMAN. So you have just extended that down here?

Mr. FAGAN. That is right.

The CHAIRMAN. But the ratio of difference, the differentials between what your benefits are in local 249 as compared to Central States contract, are comparably the same, percentagewise, as they were before you entered into the 1960 contract?

Mr. FAGAN. That is exactly right, Mr. Chairman.

And beyond that point, I would like to say that we have other statistical documents here to prove that not only in the field of the over-the-road trucking but also in the study of meatpacking contracts, that our local union has the highest rate and conditions of anyone throughout the country.

We also have the highest rated agreements with the big four packers—Swift, Armour, Cudahy, and Wilson. The same thing applies in our grocery chainstore industry, with A. & P., Kroger's, and the national chains, that our rates and conditions there are the highest anywhere in the United States.

Mr. KENNEDY. I might point out that local 299 has contracts with these same companies which Mr. Fagan has mentioned.

The CHAIRMAN. Do you mean you have contracts with the same companies as in Central States in some instances?

Mr. FAGAN. Yes, that is correct, with the big four packers and also with Kroger's and A. & P. that operate in those territories.

Mr. KENNEDY. Your contracts are higher?

Mr. FAGAN. Our contracts are the highest, that is right.

We have statistical proof of that to submit to the committee.

Mr. KENNEDY. I might point out again in this instance, Mr. Chairman, that Mr. Hoffa, when he testified before the committee, stated that the contracts of his local were the highest of any local contracts in the United States.

I have one other matter that I want to take up with you.

There was some difficulty about the Eazor Trucking Co. in Pittsburgh; is that correct?

Mr. FAGAN. That is correct.

Mr. KENNEDY. Eazor purchased two trucking companies in Pittsburgh with the understanding, as I understand, with one of the business agents, that they would be able to successfully compete with their opposition?

Mr. FAGAN. That is correct.

Mr. KENNEDY. The companies operating out of Pittsburgh had been laying over in Napoleon; is that right?

Mr. FAGAN. That is right.

Mr. KENNEDY. And they wanted an opportunity to lay over in Napoleon also?

Mr. FAGAN. That is exactly right.

Mr. KENNEDY. Without paying lay-over time?

Mr. FAGAN. That is right.

Mr. KENNEDY. Could you summarize what happened?

Mr. FAGAN. Yes; I could summarize.

Mr. KENNEDY. I don't want to go into too much detail.

Mr. FAGAN. I could summarize it for you as briefly as I possibly can.

Eazor Express purchased the operating rights from Carl Helm, owner of Associated Freight Forwarding, operating between Pittsburgh and Chicago, and L. & H., operating between Pittsburgh and New York. At the time of the purchase it was the understanding, as far as Eazor Express was concerned, that they would have the right to be able to domicile their men at Napoleon and Harrisburg, the central points, rather than their actual points of domicile in the 249 area.

There was a meeting called at which time the men agreed to an arrangement whereby an additional hour was paid and the lodging was paid at the domiciles both at Harrisburg and Napoleon.

Then after that was in effect for some time, the men disagreed with this arrangement. As a result, it was taken up through the grievance machinery.

At the time that it was to go to the third step, which is a three-members from managements and three from the union, to make a decision under local union's 249 contract, at that time all parties concerned were ordered into Chicago, and Hoffa made the decision at that particular time that, as far as the domicile would be concerned, it would be in Napoleon, Ohio, and that the men would lose the 1 hour additional that was negotiated and agreed to by the men and the company, and also their right to receive lodging at that point because then their domicile point would actually become Napoleon, Ohio.

Mr. KENNEDY. What in substance happened was that the men were dissatisfied with the dollar they were receiving?

Mr. FAGAN. That is right.

Mr. KENNEDY. It went to the grievance procedure, it got to the third stage, and instead of following through the grievance procedure, Mr. Hoffa took control over it in the Central Conference of Teamsters. He ruled in favor of the company, and the drivers not only didn't get more than the dollar but they even lost the dollar?

Mr. FAGAN. That is exactly right.

Mr. KENNEDY. Did he have any right to take over and make that decision?

Mr. FAGAN. The only right he had was the right that we were under trusteeship at the time. Actually he would have no right other than that.

Mr. KENNEDY. Under the contract it should have gone through the grievance procedure?

Mr. FAGAN. That is right.

Mr. KENNEDY. The only point of that, Mr. Chairman, is that Mr. Hoffa took control and made the decision adverse to the union membership. It should have gone through the union procedure but he did not allow it to do so.

The CHAIRMAN. We have a signal for a rollcall vote in the Senate. We will have to suspend until members of the committee can go over and vote and return.

Mr. KENNEDY. We appreciate very much the testimony of Mr. Fagan. He has been very helpful.

The CHAIRMAN. The committee will have a brief recess.

(A brief recess was taken. Members of the select committee present at the taking of the recess were Senators McClellan and Ervin.)

The CHAIRMAN. The committee will be in order.

(Members of the select committee present after the taking of the recess were Senators McClellan and Ervin.)

The CHAIRMAN. The Chair will make this brief announcement:

Former Senator Bender has requested to be heard this afternoon, and that request will be granted, in view of his name having been mentioned in some testimony that was heard this morning.

But so that we may have before us a transcript of what may have been said, I have asked the official reporter to arrange to have it present.

In the meantime, we will proceed with another witness, and as soon as we can we will hear Mr. Bender.

Mr. KENNEDY. I would like to call Mr. Gotfredson and Mr. Dennis.

The CHAIRMAN. Do you and each of you solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. GOTFREDSON. I do.

Mr. DENNIS. I do.

TESTIMONY OF ROBERT B. GOTFREDSON AND R. I. DENNIS, ACCOMPANIED BY COUNSEL, THOMAS M. CHAWKE

The CHAIRMAN. If you have counsel, will you arrange for counsel to have the chair right in between you.

Beginning on my left, will the witness give his name, his place of residence, and his business or occupation, please.

Mr. DENNIS. My name is R. I. Dennis. I reside at Detroit, Mich., and I am employed in the capacity of vice president of the Trans-American Freight Lines.

The CHAIRMAN. And the one on my right.

Mr. GOTTFREDSON. My name is Robert B. Gotfredson, president of Trans-American Freight Lines, Inc., Detroit, Mich.

The CHAIRMAN. Gentleman, you have the same counsel representing you, do you?

Mr. GOTTFREDSON. We do.

The CHAIRMAN. Will counsel identify himself for the record?

Mr. CHAWKE. Thomas M. Chawke. I am an attorney at law, with offices at 1724 Ford Building, in the city of Detroit.

The CHAIRMAN. Thank you very much.

Mr. Kennedy, you may proceed.

Mr. KENNEDY. Mr. Sheridan, if that is permissible, will conduct the interrogation.

The CHAIRMAN. All right, Mr. Sheridan, you may proceed with the questions.

Mr. SHERIDAN. Mr. Gotfredson, in 1955 you participated in the Central States contract negotiations in Chicago and reached a separate understanding concerning your company, which was different from the regular Central States agreement; is that correct?

Mr. GOTTFREDSON. I reached a separate understanding with the negotiating committee for the union, subject to ratification by our employees.

Mr. SHERIDAN. Now, this agreement consisted of two proposals covering, one, the subject of the method of payment of your drivers in that they would be paid a cent and a half per mile extra in lieu of four fringe benefits; is that correct?

Mr. GOTTFREDSON. That is correct.

Mr. SHERIDAN. The second proposal which was accepted was to the effect that a separate grievance procedure would be followed by your company other than the grievance procedure contained in the contract; is that correct?

Mr. GOTTFREDSON. That is correct.

The CHAIRMAN. I present to you a photostatic copy of a document which appears to have been signed by you and others, and it appears to have been signed also by Mr. Hoffa. I don't see the date of it but I will ask you to examine it and state if you identify it.

(The document was handed to the witness.)

The CHAIRMAN. Do you identify the document?

Mr. GOTTFREDSON. Yes, sir.

The CHAIRMAN. What is it?

Mr. GOTTFREDSON. It is a proposal transmitted on behalf of Trans-American Freight Lines.

The CHAIRMAN. Submitted to whom?

Mr. GOTTFREDSON. To the Central States Drivers Council in Chicago.

The CHAIRMAN. Is it signed?

Mr. GOTTFREDSON. It is.

The CHAIRMAN. By whom?

Mr. GOTTFREDSON. By Mr. Hoffa, Mr. Healy, and myself.

The CHAIRMAN. What is the date of it?
was in 1955.

The CHAIRMAN. Executed in 1955?

Mr. GOTTFREDSON. Yes, sir.

The CHAIRMAN. It may be made exhibit No. 59.

(Document referred to was marked "Exhibit No. 59" for reference and may be found in the files of the select committee.)

The CHAIRMAN. You may proceed.

Mr. SHERIDAN. Mr. Gottfredson, under proposal No. 2, which is the separate grievance procedure, you substitute for sections 7 and 8 of the Central States contract a grievance procedure whereby you would first attempt to resolve your difficulties at the local level, and then failing adjustment there, quoting from the document—

The disputes or grievances arising out of operations under this agreement and the territories as outlined in the master agreement, shall then be referred to the Central States drivers council in writing, and after such reference shall be handled under the usual procedures by representatives of the company and the Central States drivers council.

Now, this is in lieu of the usual grievance procedure in the Teamster contract whereby they refer grievances to the State committee and then to an area committee in Chicago.

Have you been following this separate agreement that you made in the handling of your grievances?

Mr. GOTTFREDSON. In my opinion, we have.

Mr. SHERIDAN. Have you been submitting your grievances in writing to the Central States drivers council when you couldn't settle them at the local level?

Mr. GOTTFREDSON. Any grievances that were not settled with the local union representatives were submitted to the Central States drivers council.

Mr. SHERIDAN. Specifically, who were they submitted to, your grievances, under your system?

Mr. GOTTFREDSON. The secretary of the Central States drivers council in Chicago.

Mr. SHERIDAN. Who is that?

Mr. GOTTFREDSON. The name slips my mind.

Mr. SHERIDAN. Isn't it a fact that in practice, your grievances are handled through Mr. Frank Fitzsimmons, or more recently through Mr. Rolland McMasters, representatives of local 299 in Detroit, rather than by somebody with the Central States drivers council?

Mr. GOTTFREDSON. No, that is not correct. Most of our grievances are settled at the local level.

Mr. SHERIDAN. I mean the ones that are not settled at the local level.

Mr. GOTTFREDSON. The ones that are not settled at the local level, some of them are funneled through Mr. Fitzsimmons.

Mr. SHERIDAN. Are all of them funneled through Mr. Fitzsimmons?

Mr. GOTTFREDSON. No, some were funneled through a Mr. McMasters.

Mr. SHERIDAN. I said, "Or Mr. McMasters." That is through local 299?

Mr. GOTTFREDSON. That is correct.

Mr. SHERIDAN. Rather than through the Central States drivers council?

Mr. GOTTFREDSON. No, that would be the court of last resort.

Mr. SHERIDAN. Is there anything in this separate proposal which was in itself a separate agreement, which provides for channeling these

grievances through representatives of local 299 rather than the local union or the Central States drivers council?

Mr. GOTTFREDSON. That isn't exactly spelled out, but to our best belief, we were dealing with the union in settling these.

Mr. SHERIDAN. Is Mr. McMasters a representative of the Central States drivers council?

Mr. GOTTFREDSON. I don't think so.

Mr. SHERIDAN. Does he represent himself as such in dealing with your employees?

Mr. GOTTFREDSON. No, he never has.

Mr. SHERIDAN. Now, we have found that the usual procedure that is followed in practice in your company, is that grievances are first taken up at the local level between the employee and the management, and then with the local union, but the contact with the local union is merely a referral by the local union to Mr. Fitzsimmons in Detroit and he is the one who actually handles the grievances with Mr. Dennis, the vice president of your company.

Mr. GOTTFREDSON. It doesn't exactly work out that way.

Mr. SHERIDAN. How does it work, sir?

Mr. GOTTFREDSON. Before Mr. Fitzsimmons or Mr. McMasters will settle any grievance, they first of all have to receive authority from the locals involved.

Mr. SHERIDAN. Have you ever seen any indication of such authority in writing?

Mr. GOTTFREDSON. I have seen some wires.

Mr. SHERIDAN. From the local union giving Mr. Fitzsimmons authority to act on their behalf?

Mr. GOTTFREDSON. That is correct.

Mr. SHERIDAN. You have seen such a letter?

Mr. GOTTFREDSON. A wire.

Mr. SHERIDAN. Is there any place either in the contract, the Central States contract, or in the separate grievance agreement which you have in lieu of the provisions of the contract, which provides that a representative of local 299 should handle your grievances?

Mr. GOTTFREDSON. No, sir.

Mr. SHERIDAN. Then there is nothing in writing to back up this inpractice grievance procedure?

Mr. GOTTFREDSON. Well, we have no choice on who the union choses to settle their grievances. That is their prerogative.

Mr. SHERIDAN. Who made the decision that Mr. Fitzsimmons should be the one to do this?

Mr. GOTTFREDSON. We have no knowledge of how Mr. Fitzsimmons got the authority to settle them.

Mr. SHERIDAN. In going through your files, we found nothing in writing to give Mr. Fitzsimmons this authority. We found no authorization for any local unions to give Mr. Fitzsimmons the authority to act on behalf of them.

Mr. GOTTFREDSON. As a matter of fact, I have very little to do with the settlement of grievances, personally.

Mr. SHERIDAN. Mr. Dennis handles most of that, does he?

Mr. GOTTFREDSON. Mr. Dennis handles most of the grievances, and I only come into the picture where there is threat of a strike.

Mr. SHERIDAN. Was this separate grievance procedure ever ratified by the membership, by the employees?

Mr. GOTTFREDSON. No, it was not.

Mr. SHERIDAN. It was not ratified?

Mr. GOTTFREDSON. No, but I would like to explain this: that it is the position of our company, Trans-American Freight Lines, that as the employer it our prerogative to choose the individual or individuals to represent the company in any grievance negotiations, and not that of the union.

Mr. SHERIDAN. But this is a part of a contract, an addendum or a rider to a contract which you negotiated with the union and which the union membership thought they were ratifying, yet they knew nothing about the second proposal.

With regard to the first proposal for the cent and a half payment, both of these proposals were passed or were signed by Mr. Hoffa and Mr. Healy with the understanding that they would be ratified by the majority of the locals. They went into effect on February 1, 1955.

Prior to putting these into effect on February 1, 1955, did you have the approval of the majority of the locals?

Mr. GOTTFREDSON. We did have such approval.

Mr. SHERIDAN. Prior to February 1, 1955?

Mr. GOTTFREDSON. That is right.

Mr. SHERIDAN. In what form did you have this approval?

Mr. GOTTFREDSON. Well, we—the union, rather, called a mass meeting of the various locals, the business agents from those locals.

Mr. SHERIDAN. That was on February 13, 1955?

Mr. GOTTFREDSON. I forget the date.

Mr. SHERIDAN. It was 2 weeks after the negotiation, after the provision went into effect.

Mr. GOTTFREDSON. We had asked for an earlier meeting, but the union—we had to await the pleasure of the union.

Mr. SHERIDAN. At that meeting on February 13, 1955, Mr. Hoffa presided and you were also present. Mr. Hoffa made the statement that most of the locals had turned down the company's proposal but that he did not know why they had turned it down.

Is that true, Mr. Gotfredson?

Mr. GOTTFREDSON. That wasn't said in my presence.

Mr. SHERIDAN. I think this was said before you came into the meeting. Then you and Mr. Hoffa both addressed the meeting telling them of the benefits of operating under the cent-and-a-half proposal, and an agreement was reached at that meeting whereby you would try this system of payment for a period of 12 weeks, I believe it was, is that correct, three 28-day periods?

Mr. GOTTFREDSON. To the best of my recollection, the representatives of our employees, namely, the stewards, agreed to put on a trial basis.

Mr. SHERIDAN. For 12 weeks?

Mr. GOTTFREDSON. I think that was the period. And if at the end of 12 weeks there were any repercussions, at that time it was agreed another meeting would be held, and further discussions held with the union regarding the cent and a half.

Mr. SHERIDAN. So it was agreed that after the 12-week period another meeting would be held to reevaluate the matter?

Mr. GOTTFREDSON. Only in the event, as I say, that there were objections, serious objections, to the cent and a half after we had put it into effect.

Mr. SHERIDAN. Mr. Chairman, could we make the minutes of that February 13, 1955 meeting an exhibit?

The CHAIRMAN. Has the witness identified them?

Mr. SHERIDAN. I can identify them.

The CHAIRMAN. Have you been previously sworn?

Mr. SHERIDAN. Not during this hearing.

The CHAIRMAN. Stand and be sworn.

You do solemnly swear the evidence you shall give before this Senate Select Committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SHERIDAN. I do.

TESTIMONY OF WALTER J. SHERIDAN

The CHAIRMAN. State your name and your position with this committee.

Mr. SHERIDAN. Walter J. Sheridan, an investigator with the committee.

The CHAIRMAN. You have just made a statement about a document. Do you have the document before you?

Mr. SHERIDAN. Yes, I do, sir.

The CHAIRMAN. What is the document?

Mr. SHERIDAN. It is a document recording the minutes of a meeting held on February 13, 1955. The document is signed with the type-written signature by Otto Frobe, the secretary-treasurer of the local 100 of the Teamsters Union, in Cincinnati.

The CHAIRMAN. Is that the record of the minutes of the meeting?

Mr. SHERIDAN. The minutes we have been discussing.

The CHAIRMAN. How did you procure it?

Mr. SHERIDAN. From the files of local 100, in Cincinnati.

The CHAIRMAN. It may be made exhibit No. 60.

(Minutes referred to were marked Exhibit No. 60 for reference and may be found in the files of the Select Committee.)

TESTIMONY OF ROBERT B. GOTTFREDSON AND R. I. DENNIS, ACCOMPANIED BY COUNSEL, THOMAS M. CHAWKE—Resumed

Mr. SHERIDAN. Were there any objections after this 12-week period to the cent and a half arrangement, Mr. Gotfredson?

Mr. GOTTFREDSON. None came to our attention.

Mr. SHERIDAN. So the meeting that was agreed to be held was never held? There was never a second meeting held to discuss this situation with the membership?

Mr. GOTTFREDSON. No, no second meeting was held.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. Mr. Chairman, I might say here that we are going to have testimony in connection with this cent and a half, and what occurred in 1955 at this meeting and what occurred at the various locals. because it is of extreme importance to the committee.

But we wanted to have Mr. Gotfredson's testimony in connection with that before we have the other witnesses. He might not have

knowledge or information as to what occurred at the union level, but we wanted to determine what occurred as far as management was concerned.

Mr. SHERIDAN. This arrangement has been in effect, then, since February 1, 1955, until the present time. During that period of time, have there been any questions raised on the part of your drivers as to their desires under this arrangement? Have there been any significant requests by them to change this agreement and go back under the contract?

Mr. GOTTFREDSON. We have, naturally, a minority number of drivers who don't favor it.

Mr. SHERIDAN. But you never had a large group of drivers indicating, anyway, that they wanted to change this arrangement?

Mr. GOTTFREDSON. If there was a large group, it hasn't been brought to my attention. Certain drivers have protested against the cent and a half, and that is probably natural. We didn't expect to keep 100 percent of 1,000 drivers happy.

Mr. SHERIDAN. Here is one of your bulletins, Bulletin Letter No. 12-176, signed by Mr. Dennis, to all dry freight terminal managers, in which he said:

We held a meeting with representatives of the Central States Drivers Council yesterday regarding the cent and a half per mile Trans-American rider on Central States agreement. At this meeting, we were given the privilege of reading several letters written to Mr. James Hoffa, vice president of the Teamsters Union, with copies to the Central States Drivers Council concerning our cent and a half per mile arrangement. One of the big complaints seems to stem from the fact that many of our terminal managers and/or dispatchers, as alleged by the unions, are not considering the welfare of our drivers.

The letters of criticism on the cent and a half rider have been written to Mr. James Hoffa by the local Teamsters Unions in Dayton, Louisville, and Columbus.

First, is it customary for the union, or Mr. Hoffa or Mr. Fitzsimmons, to show you letters that they receive from their membership, complaining about how they are being treated by your company?

Mr. GOTTFREDSON. That letter would probably go to Mr. Dennis.

Mr. SHERIDAN. Mr. Dennis, have you found that to be the practice, that the Teamsters Union in Detroit, Mr. Fitzsimmons, would show you letters of complaint from your drivers, complaining about your actions?

Mr. DENNIS. Would you please read where that meeting was held and with whom?

Mr. SHERIDAN (reading):

We held a meeting with a representative of the Central States Drivers Council yesterday.

Who would that have been?

Mr. DENNIS. What is the date of the letter?

Mr. SHERIDAN. July 25, 1955.

Mr. DENNIS. I am sorry; I can't remember back 4 years.

Mr. SHERIDAN. Could we make that an exhibit also, Mr. Chairman?

The CHAIRMAN. Has it been identified?

Mr. DENNIS. What is the date of the letter again?

The CHAIRMAN. The Chair presents to you a photostatic copy of a document and asks you to examine it and state if you identify it.

(The document was handed to the witness.)

(The witness conferred with his counsel.)

The CHAIRMAN. Have you identified the document?

Mr. DENNIS. Yes, I have.

The CHAIRMAN. You have identified it? What is it, please, sir?

Mr. DENNIS. It is a letter over my signature, dated July 25, 1955, to all dry freight terminal managers, advising them of a meeting held with a representative of the Central States Drivers Council on July 24, 1955, regarding the cent and a half Trans-American rider on the Central States agreement, in which—

The CHAIRMAN. I just wanted to identify it. It may be made exhibit No. 61.

(Letter referred to was marked "Exhibit No. 61" for reference and may be found in the files of the select committee.)

The CHAIRMAN. Any comment you wish to make about it, feel free to do so. Proceed.

Mr. SHERIDAN. That bulletin indicates some dissatisfaction on the part of some drivers with the cent and a half proposal. In 1958, when the negotiations were again opened on the Central States contract, were there any indications at that time of dissatisfaction on the part of the members?

Mr. GOTTFREDSON. There may have been.

Mr. SHERIDAN. Do you recall any significant ones?

Mr. GOTTFREDSON. I think the percentage was insignificant.

Mr. SHERIDAN. Have you recently or in 1958 obtained from the members—did you take a vote among the membership regarding the cent and a half agreement?

Mr. GOTTFREDSON. Yes, sir; we did.

Mr. SHERIDAN. And you have turned the results of that vote over to us this morning?

Mr. GOTTFREDSON. Yes, sir; we did.

Mr. SHERIDAN. Are you sure that the results as indicated in the material turned over to us were the results as they actually happened in each instance?

(The witness conferred with his counsel.)

Mr. GOTTFREDSON. I only attended two of the meetings at which the drivers voted, one in St. Louis—that is, personally—and one in Detroit, and at both of those meetings when the vote was taken it was unanimous, unanimously in favor of the cent and a half.

Mr. SHERIDAN. Mr. Dennis, did you attend the other meetings that were held?

Mr. DENNIS. Yes, I did.

Mr. SHERIDAN. Did you attend the meeting in Chicago?

Mr. DENNIS. No, I did not.

Mr. SHERIDAN. Did anyone from the company attend the meeting in Chicago?

Mr. DENNIS. I am unable to answer that, whether we had a representative there or not, in Chicago.

Mr. SHERIDAN. The vote in Chicago was 47 to 0 in favor of the cent-and-a-half arrangement?

Mr. DENNIS. That is correct. That was our advice.

Mr. SHERIDAN. But there was no company official at that meeting that you are aware of?

Mr. DENNIS. I just told you that to my knowledge there was not.

Mr. SHERIDAN. Who told you the results of that vote?

Mr. DENNIS. Our terminal manager in Chicago.

Mr. SHERIDAN. What is his name?

Mr. DENNIS. At that time his name was Mr. Fixari, Edward——

Mr. SHERIDAN. F-i-x-a-r-i?

Mr. DENNIS. Yes.

Mr. SHERIDAN. Was he present when the vote was taken?

Mr. DENNIS. I couldn't answer that question.

Mr. SHERIDAN. Were you present at the vote in Cincinnati?

Mr. DENNIS. Yes.

Mr. SHERIDAN. You can certify to the vote in Cincinnati yourself, because you were there?

Mr. DENNIS. Pardon?

Mr. SHERIDAN. You can attest to the vote in Cincinnati yourself?

Mr. DENNIS. Yes, I can.

Mr. SHERIDAN. What was the result of that vote? Do you recall?
(The witness conferred with his counsel.)

Mr. DENNIS. May I see the list on Cincinnati, the one you are asking me about?

Mr. KENNEDY. Maybe we can have them all made an exhibit for reference. These are the documents that were presented by the company in connection with the vote taken on the cent and a half, about which we will have more testimony.

The CHAIRMAN. I present you here in bulk a number of documents relating to this alleged vote that was taken on the cent and a half that is involved in this negotiation. I believe these documents came from the company file.

I present them to you and ask you to examine them and state if you can identify them.

(The documents were handed to the witness.)

The CHAIRMAN. I believe they are documents that you turned over to the staff of the committee.

Mr. DENNIS. Yes; that is correct.

The CHAIRMAN. They may be made exhibit No. 62 in bulk.

(Documents referred to were marked "Exhibit No. 62" for reference and may be found in the files of the select committee.)

The CHAIRMAN. Are there any questions about them?

Mr. SHERIDAN. Mr. Dennis, would you look at the Cincinnati ballot and tell us what the results of that were?

Mr. DENNIS. As I recall, there were two meetings held in Cincinnati.

Mr. SHERIDAN. What was the date of the first meeting?

Mr. DENNIS. One in March 23, 1958, and the second on June 1, 1958. As I recall, at the first meeting held in Cincinnati, it so happened there was a terrific snowstorm on the Pennsylvania Turnpike and a considerable portion of our equipment was held up in the snowdrifts for a period of 24 to 48 hours, with the result that many of the drivers involved and interested in this meeting were unable to attend.

Mr. SHERIDAN. Did you take a vote at the meeting anyway?

Mr. DENNIS. As I recall, a vote was taken.

Mr. SHERIDAN. Was it in favor or against the cent and a half?

Mr. DENNIS. Which was against the cent and a half, but it was unfavorable.

Mr. SHERIDAN. So you had a second vote?

Mr. DENNIS. No, it was unfavorable due to the fact that a true representation of the men was not there.

Some of them wrote letters to our company, and others sent in telegrams asking for another meeting.

Mr. SHERIDAN. Do you have any record of those letters and telegrams other than the one that is there?

Mr. DENNIS. They are in here.

Mr. SHERIDAN. There is only one there, isn't there, from Mr. Cisco?

Mr. DENNIS. Here is a letter and a telegram in here, and Mr. Young—

Mr. SHERIDAN. Is there more than one letter from a member protesting?

Mr. DENNIS. Here is a telegram signed by our Mr. Muller.

Mr. SHERIDAN. Who is Mr. Muller?

Mr. DENNIS. Mr. Muller is our Cincinnati terminal manager.

Mr. SHERIDAN. But are there any letters?

Mr. DENNIS. Advising that Raymond Burns would like another meeting.

Here is a telegram by a William Parker for his proxy vote in favor of the cent and a half.

Mr. SHERIDAN. But that was counted, was it not?

Mr. DENNIS. Here is a letter from a driver, William Risco, saying—

It is my opinion that because all of the drivers did not get to attend that meeting, the vote taken did not represent the feeling of most of the drivers working out of Cincinnati. I certainly feel that the 15 or 16 who were not there would vote to retain the 1½ cents fringe benefit we are now receiving, at least this is the opinion of the absent drivers to whom I have talked. If possible could you call another meeting and make it so we can be there to represent ourselves.

Mr. SHERIDAN. But there is actually only one letter from one driver protesting; is that not true?

Mr. DENNIS. That is correct.

Mr. SHERIDAN. Now, Mr. Gotfredson—

Mr. DENNIS. You didn't allow me to finish.

Mr. SHERIDAN. I am sorry, Mr. Dennis.

Mr. DENNIS. We held the other meeting on June 1, at which time there was a representative group of drivers in attendance at the meeting in Cincinnati, and the majority voted in favor of the cent and a half rider.

Mr. SHERIDAN. What was the vote on that?

Mr. DENNIS. Eighteen to thirteen.

Mr. SHERIDAN. Eighteen to thirteen?

Mr. DENNIS. That is right.

Mr. SHERIDAN. Now, Mr. Dennis, is it true that in order to get a job as a driver at Trans-American today, you have to sign an individual agreement agreeing to the cent and a half agreement?

Mr. DENNIS. Yes, it is.

Mr. SHERIDAN. Is it also true that you are putting on a large number of new Mack trucks as your company-owned equipment and that in order to get one of these new Mack trucks you have to sign an agreement agreeing to the cent and a half provision?

Mr. DENNIS. Well, the reason for that—

Mr. SHERIDAN. Is that true, Mr. Dennis?

Mr. DENNIS. The reason for that——

Mr. SHERIDAN. Is that true?

Mr. DENNIS. Not the way you stated it, no.

Mr. SHERIDAN. If you are a company driver, driving an old, or not a Mack truck, and you are putting on new Mack trucks, and if you want to get one of these new Mack trucks, is it not true that you have to sign one of these cent and a half agreements?

Mr. DENNIS. You are not stating the full facts.

Mr. SHERIDAN. Isn't that a part of the provision whereby a driver will get one of the trucks?

Mr. DENNIS. The way you state it, I would say "No."

Mr. SHERIDAN. What is the situation?

Mr. DENNIS. The procedure is this: A new Mack truck costs our company \$15,000. We cannot economically place a piece of equipment of that value on a short run where it will stand idle one-half to two-thirds of the time.

Mr. KENNEDY. Could you ask the question and then we can move on. He didn't ask you why, and he asked you if you did. You are giving us the reason for something. He asked you if you did.

Mr. DENNIS. Well, he is not asking a question.

Mr. SHERIDAN. You are putting on a large number of Mack trucks, and if a company driver wants one of these Mack trucks he has to sign one of these cent and a half agreements?

Mr. DENNIS. That is true.

Mr. SHERIDAN. Now, also, in taking one of these Mack trucks, and he is a company driver, one of the prime things that a company driver is interested in is good runs, and in this February 13 meeting with Mr. Hoffa back in 1955, Mr. Hoffa was quite definite and Mr. Gotfredson backed him up in the assertion that no matter what happened the drivers would never have to give up their good runs. What is in effect happening now with the new Mack trucks, not only are the drivers required to sign the cent and a half agreement, but are being required to give up the good runs, and they are becoming what is known in the trucking industry as "wildcatters."

Mr. Hoffa said at that meeting that these drivers would never become "wildcatters."

Now, isn't that true?

Mr. DENNIS. Well, they seem to like their job, and they are running miles, and making good wages.

Mr. SHERIDAN. I would like to run through with Mr. Gotfredson just a few other areas where the company is not living up to the contract.

Now, in your agreements with your owner-operators, Mr. Gotfredson, you do not have a lease directly with your owner-operator but you have a lease through the Highway Vehicles Corp., which is owned entirely by Trans-American; is that correct?

Mr. GOTFREDSON. That is correct.

Mr. SHERIDAN. Now, there are four articles in the Contral States contract, and I will just quote the articles.

Mr. GOTFREDSON. That is subject to some explanation.

Mr. SHERIDAN. In effect, you are paying your owner-operators——

Mr. GOTFREDSON. You are painting a picture which give the committee the wrong impression.

Mr. SHERIDAN. Let me state this fact and see where it is wrong.

You are paying your owner-operator drivers for the rental of their equipment a 12½-cent flat rate, and the Central States contract provides you will pay anywhere from 10¼ to 14½ cents, depending on the tonnage, starting at 23,000 pounds.

Now, by leasing it through Highway Vehicle Co., you in effect are saying that you are not leasing equipment from the owner-operator but through a leasing from Highway Vehicles, and this did not come under the provisions of the contract; is that not true?

Mr. GOTTFREDSON. Those vehicles do not come under the provision of the contract.

Mr. SHERIDAN. But Highway Vehicles is a wholly owned subsidiary of Trans-American.

Mr. GOTTFREDSON. That is correct, but they have no contract with the union.

Mr. SHERIDAN. Article 1, section 4, of the contract provides:

It is understood by this provision that the parties hereto shall not use any leasing device to a third party to evade this contract.

Now, has the union ever complained about this leasing arrangement?

Mr. GOTTFREDSON. Not to my recollection.

Mr. SHERIDAN. Have you furnished the union copies of your lease as provided in the contract?

Mr. GOTTFREDSON. So far as I know, the lease is no secret.

Mr. SHERIDAN. Your personnel manager advised me that you did not furnish those leases to the union. The contract specifically provides that you should.

Article 6, section 2, states that:

The employer agrees not to enter into any agreement or contract with his employees individually or collectively which would in any way conflict with the terms of the provisions of this agreement.

Now, the 12½ cents is in conflict with the terms of the agreement.

Mr. GOTTFREDSON. I do not interpret that as meaning that Trans-American is not permitted to lease from a strictly leasing company, which Highway Vehicles, Inc., is.

Mr. SHERIDAN. Now, you pay your owner-operators for deadheading, and you pay them 75 percent for the first 50 miles; is that correct?

Mr. GOTTFREDSON. That is not correct.

Mr. SHERIDAN. What do you pay them for the rental of your equipment? I know you pay them full mileage for wages.

Mr. GOTTFREDSON. I believe I explained this to you at length last evening.

Mr. SHERIDAN. I know there is a reason for all of these things, Mr. Gotfredson, but the fact remains that in each one of these instances although there may be a reason why you are doing these things, what you are doing is in violation of the contract.

Mr. GOTTFREDSON. Anything applying to equipment does not come under the contract, and therefore there can be no violation.

Mr. SHERIDAN. Certainly. But there are several provisions and several articles in the contract devoted solely to the subject of owner-operators, which is what we are dealing with here now.

Now, the fact is that you are leasing through this Highway Vehicles Corp., with the equipment still the property of the owner.

Mr. GOTTFREDSON. We lease 1,000 trailers from Highway Vehicles, and we also lease a large number of pieces of power equipment from Highway Vehicles. Highway Vehicles is a large corporation, and it has been in business for many years.

Mr. SHERIDAN. What we are discussing is power equipment and by individual owner-operators, and the contract says first that this equipment shall not be held in the name of the company. In the case of Trans-American it is held in the name of the company, and the contract says that you shall not use a device to get around the provisions of the contract in relation to this equipment, and you are saying that the contract does not cover this equipment because of the device which you have set up.

Mr. GOTTFREDSON. It is not a device.

Mr. SHERIDAN. Just a summary, Mr. Gotfredson, again, we are not saying there are not reasons for it, but we are saying that the provisions of the contract as they exist are not being followed in some instances by your company. It is not only your company, but we found it in other companies in the Central States area.

Some of them we have had testimony concerning and some we will have more testimony concerning it.

The fact remains that the contracts in the Central States area, the ones we have looked at, are not being enforced, and yours is one of them.

You have a separate agreement with the union, and that as far as the grievance procedure is concerned it not the same.

Mr. GOTTFREDSON. That is a matter of interpretation.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Are there any other questions?

Thank you very much.

Come around, Mr. Bender.

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. BENDER. I do.

TESTIMONY OF GEORGE H. BENDER

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. BENDER. My name is George H. Bender, and I live at 495 North Street, Chagrin Falls, Ohio.

My Washington residence is 120 Schott's Alley, NE.

The CHAIRMAN. What is your present occupation?

Mr. BENDER. I am president of the George H. Bender Insurance Co. in Cleveland.

I have other interests as well, and among them I happen to be an employee of the Teamsters Union at the present time.

The CHAIRMAN. All right. Thank you.

You are a former member of the Senate, Mr. Bender?

Mr. BENDER. I was a member, Mr. Chairman, of your committee for several years before this committee, and served in the House for 14 years preceding that as Congressman-at-large, and district Congressman for one term, and 10 years as State senator.

The CHAIRMAN. This morning in the course of some testimony your name was referred to, relating to an occasion when you were a Member of the House of Representatives, at a time when you headed a subcommittee that was investigating certain areas, possibly, of labor-management relations, and particularly at a time when some investigation was possibly being made of a Mr. Presser, and a Mr. Triscaro.

This afternoon you appeared, I believe, and sent the Chair a note saying you would like to testify.

Mr. BENDER. As a result of receiving a number of telephone calls from newspapermen and television people, and others, resulting from some comment that was made this morning before the committee, I came here because I wanted to tell the facts concerning what occurred at the time that was referred to this morning.

The CHAIRMAN. The Chair would say to you that under the rules of the committee, if anyone's name is used here in the course of these hearings, or any testimony given that anyone thinks might be derogatory or in any way reflect upon him, he can request to be heard. I do not think the committee would ever deny anyone the opportunity to appear and testify.

We are very glad to have you. We welcome you. I believe I furnished you, as early as I received it, or about as early as I received it, with a copy of the transcript of the testimony given here this morning.

Mr. BENDER. Our relationship, yours and mine, have always been most pleasant, and I regard you not only as a fine Senator, but a gentleman.

I made the request because I felt that certain matters should be cleared up.

(At this point Senator Goldwater entered the hearing room.)

Mr. BENDER. I served on the Government Operations Committee of the U.S. House of Representatives for 14 years, with Clare Hoffman during most of that time. Clare Hoffman was chairman of a subcommittee for a brief period and I was a member of that committee with Representative Condon from California.

There was another subcommittee from the Labor Committee of the House. We held hearings in Michigan, and in Clare Hoffman's hometown, in Detroit, and a number of other places, in Washington and elsewhere.

Later on, because of some turmoil within the committee, Mr. Hoffman served as chairman of the Anti-Racketeering Committee. He named himself. The Government Operations Committee of the House met and there were 20 members present. Nineteen of them voted that I should be the chairman, Democrats as well as Republicans, of this Anti-Labor Racketeering Committee.

I consulted with some people who seemed very much interested in the subject, including some of the newspapermen, among whom was Clark Mollenhoff, whom you know very well, and they recommended that possibly it would be a good idea to hire some former FBI men to serve as counsel for this committee. So we engaged Downey Rice. In fact, it was, I think, on Clark Mollenhoff's suggestion.

I told him to hire a staff of people and not discuss anything with us until they were ready to proceed with hearings. That is exactly

what happened. They had carte blanche authority to make any investigations, and then we would hold hearings. We would call a meeting of the committee and tell them what we had in mind.

Downey Rice appeared. We had hearings in Minneapolis, and I think in Pittsburgh, Washington, and several other places. There were three Democrats on this committee and four Republicans. The four Republicans included the chairman of the full committee, Clare Hoffman, and Clare Hoffman was just a little sore about being replaced by me as chairman of this subcommittee.

But in Minneapolis, Downey Rice almost got into a fist fight with one of the Democratic Congressmen, and they were all burned up and worked up. They met and Clare Hoffman joined them and decided to fire Downey Rice. Of course, I was a chairman without portfolio. I was a chairman of a committee but without a staff of my own. But Clare Hoffman did hire some good people.

The people that he did hire to take Downey Rice's place, I thought, including a Mr. McKenna and some others, Mr. Smith and others, were fine people, and I thought they were doing an excellent job.

In connection with the hearing this morning, Mr. Kennedy said:

I can straighten that out.

Senator CAPEHART. Was it the Bender or Hoffman committee?

Mr. KENNEDY. I can straighten that out. Clare Hoffman, the Congressman from Michigan, had nothing whatsoever to do with this. This is a committee that was run by Congressman Bender.

It wasn't run by me at all. It was run by the investigating committee appointed by Hoffman, and Hoffman was present when the hearings involving the gentlemen mentioned this morning were held. Hoffman's men were in charge. I was the chairman, as you are, sir.

But—

This is a committee that was run by Congressman Bender.

Congressman Hoffman had nothing to do with this whatsoever. His name shouldn't even be injected into this hearing.

The CHAIRMAN. Let me see if I can get it straightened out. What was the name of the committee?

Mr. BENDER. The committee was the Anti-Racketeering Subcommittee of the Government Operations Committee.

The CHAIRMAN. It was a subcommittee of the Government Operations Committee. Mr. Hoffman was chairman?

Mr. BENDER. No, a member. I was the chairman.

The CHAIRMAN. Was he chairman of the Government Operations Committee?

Mr. BENDER. Yes, he was.

The CHAIRMAN. And you were chairman of the subcommittee.

Mr. BENDER. That is right.

The CHAIRMAN. And Mr. Hoffman, Congressman Hoffman, was a member of the subcommittee of which you were chairman?

Mr. BENDER. That is right. Mr. Dawson of Chicago, Congressman Dawson, was the other member of the committee. As I recall, Congressman Osmer, of New Jersey, and another Congressman, were members of the committee, sat with us, at the hearings that were held in Cleveland.

Whatever the facts obtained were obtained by persons like Mr. Bellino, and your staff members, and presented to our committee, and

a full airing was had of everything that they produced. There wasn't any effort made to shut off anyone.

If you recall, in 1954 I became a candidate to fill the unexpired term of Senator Taft, and I was very busy. Our State has 9½ million people, and having to cover every nook and cranny in the State and then have this on my hands, too, I carried out my work and I was there, I was present, and presided at the meetings that were had.

Incidentally, the so-called Bender committee made a report that I am sure your staff has a copy of, and I am sure it would make good reading for every member of your committee because we are not a legislative—a legislative committee is not a prosecuting committee. We cannot enforce any laws. We can only bring attention, as your committee does, bring attention to the people and to the Senate and to the House, the facts as you find them, and whatever happens is a matter of local action.

Now, these hearings were held in October of 1954. I ran against the man who former Governor Lausche appointed to fill Senator Taft's place, former Senator Burke, a very fine man, by the way, and I campaigned against him. But he had the entire labor support during that campaign. I had no labor support. Labor supported Burke 100 percent.

I had no official, financial or any other support from any segment of labor during that campaign, and after the campaign was over and they asked for a recount of votes, I am sure labor financed most of the recount effort, and that is quite expensive, that was made throughout the State.

So I had no connection whatever with any of these gentlemen, and our committee continued, as a matter of fact, after election, and the testimony this morning indicated there were no committee meetings after I was elected U.S. Senator, but that isn't true.

We came to Washington. Mr. Presser, Mr. Triscaro, and the whole line of steelworkers from Youngstown appeared in Washington. We held hearings here for about a week in the House Office Building.

So there was no disposition to shut off anything or to subdue anyone or to make any effort to have them pull their punches. As a matter of fact, every opportunity was given to everyone to—as a matter of fact, too, I think I am correct in saying we subpoenaed Mr. Beck before the committee, and some of the members objected to Mr. Beck's being subpoenaed. So he wasn't ever called.

But I subpoenaed him, and other members of union labor were subpoenaed at the time. He was never heard because of that situation. Now, Mr. Hoffman was a member of my committee. Mr. Hoffman attended every meeting of my committee. Mr. Hoffman knew all the facts.

In fact, his personal appointees were the investigators of the committee. When I was elected to the Senate, and after the recount, I took my seat as a U.S. Senator sometime in December of 1954, and I had to resign from the House. So I had to resign from every committee and every activity that I was engaged in in the House when I became a Member of the Senate in December of that year.

Regarding some inferences—

The CHAIRMAN. What date did you become a Member of the Senate? Do you remember?

Mr. BENDER. I think it was sometime around the middle of December. I can't give you the exact date. But I can say, Mr. Chairman, that there is some reference made to their raising money for defense purposes and payoffs and so on. Of course, it is perfectly absurd. I know Mr. Luken, I saw him here today, and I have met him many times. I met every man and woman and child that I could meet in Ohio. I was running for office.

I think I was elected about as often statewide as any man in the history of Ohio. So, being a hard campaigner, I worked at the job. After I was elected, I resigned. But certainly I don't have any acquaintance with Mr. Presser or Mr. Triscaro personally at the time, except as Mr. Presser appeared at the hearing held in Detroit when Clare Hoffman was chairman of the subcommittee of which I was a member, I think the year before.

There was no money of any kind, I am sure, paid to any member of the committee or, as a matter of fact, it was used against us. No union supported George Bender. They didn't support Clare Hoffman. Certainly in 1954 they were against us.

The CHAIRMAN. Let the Chair point out that we are going to have to go and vote. This room is to be occupied at 5:30 by some other folks. We are not going to be able to conclude.

Counsel had one question he wanted to ask you.

Mr. KENNEDY. Did you receive money from the labor organizations in 1954?

Mr. BENDER. I not only didn't receive money from them, I received money from no one. I had a campaign committee that handled funds, and the members of that committee, as I recall, were Arthur Genholtz, vice president of Republic Steel; Dave R. Jones, industrialist and president of the Cleveland Browns; and Liv Ireland, who is a heavy stockholder in the M. A. Hanna Co.

Mr. KENNEDY. They filed a report indicating that they had received some \$95,000, and we found in 1955, after your election, that there was some \$108,996.78 not reported.

Mr. BENDER. I know nothing about that.

Mr. KENNEDY. Also, we have two affidavits here showing that in October of 1954 the Teamsters switched their support on the orders of Mr. Presser from Mr. Burke, your opponent, to you.

Mr. BENDER. Well, that isn't true.

Mr. KENNEDY. These are two affidavits.

Mr. BENDER. I don't know who signed them. Who signed them?

Mr. KENNEDY. Union officials of the Teamsters.

Mr. BENDER. Well, they are not telling the truth because that is definitely not true.

The CHAIRMAN. The witness is entitled to a copy of these affidavits. The Chair directs that the staff prepare and give the witness a copy, and if the witness will return in the morning at 10:30, we will conclude. I am sorry about this interruption. We can't help it.

The affidavits may be printed in the record at this point.

(The affidavits referred to follow:)

STATE OF OHIO,
County of Hamilton, ss:

I, Walter Schulz, make the following voluntary statement to Walter J. Sheridan who has identified himself to me as an investigator with the Senate Select Committee on Improper Activities in the Labor or Management Field.

In October 1954 I attended a meeting of the executive board of the Ohio Conference of Teamsters which was held in Columbus, Ohio. This meeting was held on a Sunday. At the meeting William Presser made an announcement that the Teamsters Union was throwing its support to George H. Bender for Senator. Prior to this announcement the Teamsters Union had been actively supporting Bender's opponent, Thomas Burke, and had been very critical of Bender because of his activities as chairman of the congressional committee which had held hearings in Cleveland involving William Presser. I had been spending a great deal of my spare time helping to send out literature for the Teamsters Union in support of Thomas Burke.

When William Presser made this announcement at the meeting, I asked him why we were switching our support from Thomas Burke to George Bender. Presser's reply was that Bender was the man to support and he said that he could not say anything else about it.

The members of the executive board were told to go back to their local unions and tell the membership that they should support George Bender rather than Thomas Burke.

(Signed) WALTER SCHULZ.

Sworn and subscribed to before me this 14th day of September 1958.

JOHN E. WELLER,

Notary Public, Hamilton County, Ohio.

My commission expires August 30, 1960.

AFFIDAVIT

STATE OF OHIO,
County of Hamilton, ss:

I, Otto Frobe, make the following voluntary statement to Walter J. Sheridan, who has identified himself to me as an investigator for the Senate Select Committee on Improper Activities in the Labor or Management Field.

I am secretary-treasurer of local 100 and a trustee of Joint Council No. 26, International Brotherhood of Teamsters, Cincinnati, Ohio. In 1954 I was vice president of joint council No. 26. In October 1954 I attended a meeting of the executive board of the Ohio Conference of Teamsters which was held in Columbus, Ohio. Prior to that meeting the Teamsters Union in Ohio had been supporting Thomas Burke as a candidate for the U.S. Senate. At this meeting William Presser announced that the Teamsters Union was switching its support to George H. Bender.

Walter Schulz, a business agent with local 100 asked William Presser why we were switching our support to Bender after working so hard supporting Burke. Presser said that Bender was the man to support and he could not say anything else about it.

(Signed) _____.

Sworn and subscribed to before me this _____ day of September 1958.

_____, *Notary Public.*

Mr. BENDER. I just want to say definitely Mr. Presser and Mr. Triscaro or the unions did not support George Bender in 1954, whatever affidavits you have.

The CHAIRMAN. The committee stands in recess until 10:30 in the morning. At 10 o'clock in the morning there will be an executive session of the committee here in this room.

(Members of the select committee present at time of recess: Senators McClellan, Ervin, Capehart, and Goldwater.)

(Whereupon, at 5 p.m., the select committee recessed, to reconvene at 10:30 a.m., Thursday, July 9, 1959.)

INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

THURSDAY, JULY 9, 1959

U.S. SENATE,
SELECT COMMITTEE ON IMPROPER ACTIVITIES
IN THE LABOR OR MANAGEMENT FIELD,
Washington, D.C.

The select committee met at 10:45 a.m., pursuant to Senate Resolution 44, agreed to February 2, 1959, in the caucus room, Senate Office Building, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Karl E. Mundt, Republican, South Dakota; Senator Sam J. Ervin, Jr., Democrat, North Carolina; Senator Frank Church, Democrat, Idaho; Senator Barry Goldwater, Republican, Arizona; Senator Carl T. Curtis, Republican, Nebraska.

Also present: Robert F. Kennedy, chief counsel; Paul J. Tierney, assistant counsel; Arthur G. Kaplan, assistant counsel; Walter J. Sheridan, investigator; Pierre E. G. Salinger, investigator; George H. Martin, investigator; Sherman S. Willse, investigator; Ruth Y. Watt, chief clerk.

The CHAIRMAN. The committee will be in order.

(Members of the select committee present at time of convening: Senators McClellan, Ervin, and Goldwater.)

The CHAIRMAN. Call the first witness.

Is Senator Bender present?

Do you wish to resume your statement, Senator?

TESTIMONY OF GEORGE H. BENDER—Resumed

Mr. BENDER. Mr. Chairman, I would appreciate very much if these people who want to take pictures, take the pictures now and then suspend during the hearing.

The CHAIRMAN. All right, we will take them now. Make it snappy. I imagine they have plenty of pictures of all of us. Those who cooperate with the committee get the cooperation of the committee in return.

All right, gentlemen, we will proceed.

You will desist from snapping pictures while the witness testifies. All right, that ends it.

Mr. BENDER. Mr. Chairman, the hearing wound up rather abruptly, and after I was through, Mr. Kennedy had a score of newspapermen around him and he produced a couple of letters or alleged affidavits from a couple of Teamsters Union members that during the close of

the campaign Mr. Presser appeared in the union and asked them to reverse their position and support me. Frankly, if I needed to, I could get thousands of affidavits to the effect that the labor unions did absolutely nothing for me officially.

I want to say that for 20 years I was Republican county chairman, for approximately 20 years, in Cleveland, and we have 2,200 elected precinct committeemen, and over half of them are members of labor unions. It is entirely possible that a good many of them were members of the Teamsters Union, and certainly when you run in North Carolina, or in Arkansas, or in Ohio, you have to have the votes of the washed and unwashed as well.

If you don't get the votes, you don't win the elections. My purpose was to help to win elections. As far as this situation goes in Ohio, it seems that immediately after I accepted this responsibility with the Teamsters Union, and they called it an antiracketeering commission themselves, and they hired me for the purpose of making a survey and making recommendations to them about the union and what could be done.

I am in the process of doing that. We had four or five meetings of our commission; and in fact, when Judge Jayne of Detroit was named as a member of the commission, immediately someone from this committee or the staff got out a report that Judge Jayne was on the Teamsters' payroll.

I don't know what was said about Mr. Donohue, but I regard both men as honorable men. Along about December, when litigation involving the Teamsters and affecting the monitors was before the courts, the commission that I happened to be chairman of agreed not to hold any meetings.

Now, as to my work: I was engaged before the other two gentlemen on this commission were named, and I was engaged on a 2-year basis. I didn't know who the other commissioners would be and I had nothing to say about them other than I regard both of them as honorable men.

Now, I have devoted not only my full time, but plenty of extra time, to doing the kind of a job that I think is desirable to do because I believe that the Teamsters Union, with 1,500,000 or 1,600,000 members, should be a clean union. I don't believe that you can make Christians out of everybody, not even out of 1,500,000 Republicans or 1,500,000 Democrats.

You are bound to find some characters among them, and it isn't my purpose to shield any of them or protect anyone or to conceal anything that is wrong as far as the union is concerned. Certainly, like most of you, I have many shortcomings, and I don't pretend to know all of the answers, but I have tried to do a thorough job.

Now, I read part of what Mr. Kennedy said yesterday, and I resented it deeply for him to infer by asking Mr. Luken about whether Senator Bender received \$40,000 as a bribe. Now, if Senator Bender received a bribe of any kind, even a dollar, he should be prosecuted, and that was the reason I came up here.

There are at least 15 pages of this testimony, and I read it very carefully, where obviously the vibration is that there is something wrong regarding my support by the Teamsters Union in 1954.

Mrs. Bender called me from Cleveland and said the Cleveland Plain Dealer had me all over page 1, which obviously is the purpose of Mr. Kennedy—to be on page 1 all of the time. But I was on page 1 and I took his place yesterday. She said that Mr. Humphrey's name was injected.

Now, one of the fine gentlemen of the press asked me if Mr. Humphrey was chairman of my committee in 1954. I never represented that. Mr. Humphrey was honorary chairman of my campaign in 1956 and I didn't burn the midnight oil going over any files or records. In fact, I couldn't do that, and I don't need to.

I am here voluntarily, and I am here to answer any questions you have to ask me. But I resent very deeply the implications that I was receiving some kind of favor because we concluded the hearings without making any recommendations.

Mr. Chairman, one of the 55 members of your staff could spend a little time going to the House records. Congressman Dawson is a very fine man, and he is chairman of the Government Operations Committee, but we issued this report and it was published in 1955 with recommendations, with the dates given as to who was present at the hearings.

Mr. Hoffman was present at every hearing, and we had hearings not only before election, which was most difficult for me, as I was running for U.S. Senator. Even though we had a slight recession during that year, I won; even though I won by a majority, a tremendous majority of two or three votes, I won.

But frankly, I don't appreciate the fact that Mr. Kennedy is endeavoring to ride herd over me because I take on an assignment. If I was employed by an oil company, or a utility, you would think that I was one of God's noblemen, but because I am interested in something that involves God's poor, obviously with the Indian sign being on their door, I get the works.

There are men on this staff that have spent time in Ohio checking and rechecking George Bender. He is known in Ohio as well as the public square. I have been in public life for 40 years. I have been elected, as I said yesterday, more often, or as often as, any other man statewide in the history of the State.

Frankly, I wouldn't take an assignment where, if I chose to run for election again in Ohio—and I am young and vigorous, and perhaps I might choose to run again—where I want to be muddled up by innuendoes by any member of the staff or any other individual.

Frankly, I am like Senator Ervin. I believe in fighting pretty tough, and there are no holds barred in a campaign, but certainly, as far as my Democratic colleagues are concerned, I have no quarrel with them. As a matter of fact, I think that a good many Democrats supported me in 1954 as well as 1956.

I did have labor support, individual labor support, in 1954 and in 1956, because they disliked Lausche more than they disliked Bender. Bender got an endorsement from the AFL, of which the Teamsters Union is a part, and frankly they did nothing about it. If they had, perhaps I would have won even though I gave Lausche the toughest fight, and the Republican Party created Lausche in Ohio. They supported him for 5 years, and he said he would vote to organize the Senate as Republican. Many Republicans voted for him on that basis.

Senator ERVIN. If I may interrupt at this point, Senator, it is not customary for any candidates for office to ask anybody to vote for them; is that right?

Mr. BENDER. If cats and dogs would vote, I would shake hands with them.

Frankly, I never missed an opportunity to go to a meeting whether it was among the Baptists or the Catholics or the Democrats or Republicans, or Sons and Daughters of "I will Rise," or whoever it is. I always went everywhere, and someone here said that I had my picture taken with Mr. Presser. It came out of this committee.

Perhaps Mr. Presser was at some meeting where I was, and I don't want to dislike Mr. Presser. Mr. Presser is an important man in Ohio, and I aim to be helpful to him.

We pray that we care for the dying and lift up the erring one, and so on, as they say in the church, and I sing that every Sunday.

Why in the world shouldn't I try to be helpful if I can in this situation? All I would like to have you do is read the conclusions and recommendations that my committee made, and read about the hearings here as to what we did when I was chairman of a comparable committee to this.

Now, we made recommendations, specific recommendations. In 1955 the Democrats took over and I imagine this thing was pigeonholed, but I have one copy of it, and that is it.

I will be glad to supply you with photostatic copies, but you should read some of these conclusions, and I am sure that your report will not be as strong or possibly if it is as strong it will be a good report after you are through with your labors.

Now, that is all I have to say. I want to say this, however, that in 1954 one of the gentleman who is most active in this committee wrote this, and this is from Clark Mollenhoff, Des Moines Register.

DEAR GEORGE: Political figures get kicked around enough by the press, and often they deserve it. However, the least we can do is pass a word to you when we feel a good job has been done.

I can't speak too highly of the way you conducted the labor racket hearings in Minneapolis and I have never seen a committee chairman who had more trying circumstances to contend with. I felt you made your record clear as being in favor of a square deal for organized labor, and opposed only to racketeering and unethical practices that prey on both the employer and the union member.

When you were first given the job of investigating the labor rackets, I can state frankly that I was a little disappointed. I thought you were much too jolly a fellow to do the job in this field. I also figured you might have some political fear of even tackling the labor racketeers. You have proven I had nothing to fear. I've dealt with no one in Washington who has been more forthright and courageous in his approach to an investigation. I think your basic friendliness has been an asset rather than a liability.

I hope that the rank and file of labor will show appreciation for what you have done for them in exposing bad officials, and that the appreciation will be reflected in the votes in Ohio. I have always felt that an honest courageous approach to corruption was in the end the best thing politically. I hope it works out that way for you.

It would have been possible to see you and pass on my feelings about the way you've handled the investigations, but that would have been too easy. This is for the record.

Cordially,

CLARK.

It is signed Clark Mollenhoff.

I would appreciate it if some member of this committee would ask that these hearings be made a part of the record.

The CHAIRMAN. I will be very glad to make it an exhibit for reference, and let it be a part of the permanent record.

Mr. BENDER. I would appreciate it if it could be returned to me.

The CHAIRMAN. We will make it an exhibit at this time. We will make it exhibit No. 63 for reference so it will be a part of the proceedings of the committee, and I will instruct the staff to try to procure another copy of it if one is available anywhere, so that this may be returned to Senator Bender. If none is available, then we will photostat this one and make the photostat the exhibit.

(Documents referred to were marked "Exhibit No. 63" for reference and may be found in the files of the Select Committee.)

(At this point Senator Mundt entered the hearing room.)

Mr. BENDER. Before I left the hearing room, Mr. Kennedy made a great to-do about the fact that the expenses of my campaign and that, with considerable moneys not reported. I am not aware of that.

However, I want to say this, that during the campaign, money was borrowed because things had to be done and I want to say at the close of the 1956 campaign Mr. Dave Jones brought a letterbox full of bills to me that my secretary here in Washington, as a matter of fact you remember my office was next door to the committee office, and we had hired offices downtown where we had people working day and night, and I wound up holding the bag to the extent of \$53,000, which I have had to absorb myself.

Now, frankly, I have nothing to conceal, and I have nothing up my sleeve, and what I am doing with this union is an honorable work, and I have had conversations, many of them, with Mr. Hoffa. I never knew Mr. Hoffa before August 15, and I think that I met him once at an Italian banquet where all of the Democrats and Republicans in Summit County were stumbling all over themselves to shake hands with him, and I was one of them that came in late and shook hands with him.

But beyond that I have met Mr. Hoffa many times since that time, since August 15, and I have discussed some of the problems and some of the legislation before the Senate and the House with him, and I have met with Mr. John English and other officers of the union, and as a matter of fact, I have been so impressed with the manner in which that building is run, it reminds me of a church office. There is no gambling, and no liquor drinking or nothing of that kind going on there, and it is run very efficiently.

I have had responsible positions as a department store executive like you, Senator Goldwater, and I know an office that is run well.

Now, I am one person, with a very limited number of people, that do clerical work for me in connection with this position.

I am trying my best to do what I think is right and make an honest report to the union at the close of my stewardship or sometime during the next few months.

That is all I wanted to say, and if you have any questions I will be glad to answer them.

(Members of the select committee present at this point in the proceedings: Senators McClellan, Mundt, Ervin, and Goldwater.)

The CHAIRMAN. Thank you very much.

Are there any questions from any member of the committee?

I might ask one question. Have you made any interim reports on your work?

Mr. BENDER. I have written up reports that members of our committee have seen and have approved, but we have withheld them pending the outcome of the court cases. I have had other reports that we have made. Some of them would be pretty good reading for you, but I am not at liberty at the moment to provide them.

The CHAIRMAN. We would be glad to cooperate with you. We will give you everything we have here. If you have a cleanup job to do, we will cooperate with you. We would like the same reciprocity, if you can supply us with anything you have. We would be glad to have it.

Mr. BENDER. Mr. Chairman, I have read the entire proceedings before your committee. I get a copy of your hearings as they are held. I have volumes and volumes of testimony that has come out of this committee. I am making my own observations on the basis of not only what is revealed here, but what prosecuting attorneys and district attorneys and local officials have to say about situations in this particular union.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. Can I just ask a few questions? I just wanted to ask about a couple of the individuals.

The CHAIRMAN. All right, ask your questions.

Mr. KENNEDY. Have you made any recommendations, for instance, on Sam Goldstein of local 239 in New York?

Mr. BENDER. No, sir; I have not.

Mr. KENNEDY. He is in the penitentiary for extortion, and he is still a Teamster official.

Mr. BENDER. Well, frankly—

Mr. KENNEDY. He draws \$375 a week and \$25 expenses.

Mr. BENDER. Well, he is a good man to be able to do that. But I have not—

The CHAIRMAN. What we are trying to get at, and we will lay it on the line, is that all of these things are open out in the public. What are you doing about it? You have a job to help clean up this union.

Mr. BENDER. I am paid by the union to do a job for them. I am not in public office, and I don't have to have a newspaper conference before breakfast every morning—

The CHAIRMAN. I didn't ask you that.

Mr. BENDER (continuing). To tell them what is going on.

The CHAIRMAN. I didn't ask you that, George. If you want to come in and state what you are doing to help clean up the situation, okay. If you don't, okay.

Mr. BENDER. That is exactly what I said.

The CHAIRMAN. What are you doing with these cases that are open and aboveboard and everybody knows what is going on? What are you doing?

Mr. BENDER. I made a complete investigation of material, and incidentally there are volumes of it that I haven't even touched. But I have prepared—as soon as the court case is decided I expect to call this commission together and present the facts as I have gathered them to them for their recommendation to the union.

Senator GOLDWATER. George, let me ask you a question.

Take the case of a man like Goldstein. Suppose you went to Mr. Hoffa and said, "Jimmy, you ought to kick this fellow out." Do you think he would do it?

Mr. BENDER. Last week I went to him regarding a man, a matter came to my attention where a man was having relations with a 16-year-old prostitute, and speaking very bluntly, he said, "Well, frankly, that son-of-a-bitch should be kicked out." He said, "He is no good. No man should be in this union who is doing that kind of thing."

Senator GOLDWATER. Was he kicked out?

Mr. BENDER. That I can't tell you.

Senator GOLDWATER. What I am trying to get at, George, is how much power do you actually have in this job? Do you have the power, to get back to the case of Mr. Goldstein, to say to Mr. Hoffa, "This man should be discharged from the union"?

Mr. BENDER. I think I have. If I didn't think I had, I would get out of the job.

Senator GOLDWATER. Let me ask you: Have you made any such recommendations?

Mr. BENDER. I have at least 25 or possibly 50 recommendations that are waiting for the action of the commission to recommend to the union regarding situations that I think are bad.

Senator GOLDWATER. The creation of your commission by Mr. Hoffa includes the powers necessary to help him clean up that union, does it, power such as I suggested in being able to do more than just to recommend?

Mr. BENDER. I was asked to take on responsibility to do that very thing, to do a policing job on the union as of this period.

If the chairman will have the members of the committee read the report that I made in 1954, I am sure you will recognize that I don't pull my punches.

Senator GOLDWATER. Let's take a man like Mr. Glimco, in Chicago. He is certainly no credit to the union movement. Have you made any recommendations relative to him?

Mr. BENDER. Frankly, no. That matter hasn't come to my attention either. Incidentally, we have some characters in the Republican Party, Senator Goldwater—

Senator GOLDWATER. What?

Mr. BENDER. We have some characters in the Republican Party who would look very bad if they were subjected to this sort of thing.

Senator GOLDWATER. The trouble is they don't get elected.

Mr. BENDER. They do; many of them.

Senator GOLDWATER. Maybe I had better reregister.

Well, I will admit that both parties have their characters. Just by the very nature of things, though, we are more fortunate.

Mr. BENDER. Senator, back in 1938, and I was the only county chairman who supported Bob Taft for the Senate in Ohio, back in 1938 a ward leader from Lakewood, a suburban area in Cleveland, came to me and said, "George, I can't get a committeeman to run ward 4."

I said, "What kind of people live there?"

He said, "They are all Methodists."

I asked for the registration book and found the Methodist preacher was a registered Republican. I called him up and said, "Would you run for precinct captain?"

And he said, "Sure."

Pretty soon another one came in from ward 31, and he is a Republican, too, and boy, what a character he was. He said he couldn't get a committeeman in precinct N in ward 31. I asked what kind of people live there, and he said, "They are all prostitutes."

I said, "Get the best one of the lot, hire her and have her run for committeeman."

Frankly, unless you get the votes of the washed and the unwashed you can't win elections. We found out last year on the right-to-work bill in Ohio what a horrible shellacking we got because we were wrong.

Even my wonderful colleague John Bricker took a shellacking, and the Governor. We lost the legislature. We lost a number of Congressmen.

You don't have to become a prostitute yourself, but sometimes you have to get their votes.

I think some of Mr. Hoffa's trouble is that he is a provisional president and he can't go around kicking people in the teeth at the moment. I think if he is given a chance, I think he will do a clean-up job.

Senator GOLDWATER. Let me get back to the commission. Do you meet regularly with this commission?

Mr. BENDER. No. We haven't had a meeting since December. I am not sure as to the date. We deliberately decided not to hold meetings. But I was employed on a different basis than the other two members. I am a regular employee and working daily for them.

Senator GOLDWATER. Just what do you do in the course of a day?

Mr. BENDER. Well, in the course of a day I receive correspondence not only from the unions but from people in the various areas, and review that correspondence and check with them and call them and meet with them and discuss matters with them.

And, as a matter of fact, what I am trying to do during this period is having the union fly right at the present time.

Senator GOLDWATER. In doing that, in trying to do that, does your job encompass the making of recommendations to Mr. Hoffa or to his staff relative to getting rid of some of the people that we have found?

Mr. BENDER. Definitely, that will be done. It hasn't been done as of this moment.

Senator GOLDWATER. Do you plan to do it, you might say, en masse?

Mr. BENDER. En masse, yes.

Senator GOLDWATER. When you get them all together?

Mr. BENDER. That is right.

Senator GOLDWATER. Suppose Mr. Hoffa does nothing about it?

Mr. BENDER. Well, frankly, we made a report to the Congress and they pigeonholed it. You can't—all you can do is do your best.

Senator GOLDWATER. Mr. Hoffa made a report to the Congress?

Mr. BENDER. No. I say I made the report as chairman of an anti-racketeering committee and gave them a list of things that I thought should be done. But the Democrats were elected, they run the show over there, and the report was pigeonholed.

Senator GOLDWATER. Do you feel—I know you feel this way—that if Mr. Hoffa would tomorrow rid himself of the collection of goons and racketeers that he has assembled, that he could emerge from this in a matter of time as a respected labor leader?

Mr. BENDER. I am certain of that. I believe, with all my heart, that if he is given the opportunity, without having to endure what he

has had to endure during the past year, that he will clean up this situation.

Now, Bob Kennedy called me when I got this job, or I called him—I don't know who called who—but Bob said, "What are you going to do about Hoffa?"

Clark Mollenhoff every five minutes called me up and said, "What are you going to do about Hoffa?"

I said, "Please mind your own business."

Every day I have five or six newspapermen. "What are you going to do about Schmaltz, or Schultz, or somebody else?"

Frankly, I am doing the kind of job I was hired to do, and that is all.

What am I going to do about Hoffa? That is up to the union, what the union does about Hoffa. I am not a teamster.

Senator GOLDWATER. Don't you think you would be helping Hoffa—

Mr. BENDER. I am helping him.

Senator GOLDWATER (continuing). If you immediately went to him and implored him to get rid of these people that are blackening the name of his union?

Mr. BENDER. I have discussed the matter with him privately on many occasions, and certainly I know what I believe is in his heart to do.

Senator GOLDWATER. Just to get back to one other subject, I knew a little bit about your campaign. If you will recall, I was chairman of the campaign committee for a while.

Mr. BENDER. God bless you for it, too.

Senator GOLDWATER. Well, I did my best. I tried to help you in your fund-raising.

Did you at any time, yourself, ask the Teamsters for money?

Mr. BENDER. Definitely not. Never received anything from them. Not aware of any contribution that was made by any organization; possibly individual teamsters. For example, I know Jack Calina, who is head of the Electrical Workers Union. I know he is my good friend. I know he not only spoke for me and his union was against me, but I know he made a small contribution.

Senator GOLDWATER. Did your opponent that year receive help from the unions in the way of money?

Mr. BENDER. Of course he did in 1954. There is no question about it. The record will show it. I have no quarrel with him either. I think Tom Burke—I am very fond of him, and he is a good man. I conducted a clean campaign against Burke. He was appointed by Lausche, and that was that. But he had all labor support. They were all against me.

Senator GOLDWATER. That is all I have.

Senator ERVIN. Mr. Chairman, I would like to ask one question.

Senator, I want to talk briefly about another kind of prostitution. Now, according to the information before this committee, Goldstein, who is president of the Teamsters local in New York, had been convicted twice before, prior to the time he was convicted, on one charge of extortion and pleaded guilty to another charge of extortion, in shakedown transactions where approximately \$30,000 was involved.

He prostituted his power as a union officer, as a Teamster officer, to practice this extortion for his own enrichment. He has been convicted in one case by a court or a jury. In the case in which he is now serving a sentence he pleaded guilty, so there can be no question about his guilt because he has confessed it.

Notwithstanding that he pleaded guilty to prostituting his power as a union officer to practice extortion for his own personal enrichment, and notwithstanding that he has been confined in prison for approximately 3 months, he is still officially the president of a Teamsters local in New York State, and he is still drawing compensation by way of salary and expense allowance as a Teamster official, totaling, \$20,800 a year.

Mr. Hoffa admitted here the other day that as president of the union, that he would have the power, president of the international, that he would have the power to sever this man's connection with the Teamsters and deprive him of his office and put an end to his compensation. Yet he fails to do so. He tells us that when he gets rid of all these court cases and things that he may take some action.

But this man's guilt is established. His court case has ended. This committee does not understand why the powers that be in the Teamsters Union will permit a man to prostitute his power as a union officer for the purpose of practicing extortion, and be retained as an officer and be allowed to continue to draw his salary at the rate of over \$20,800 a year, counting expense allowance, while he is actually serving a term in prison.

Mr. BENDER. I can't disagree with anything you say. On the other hand, I want to say that we have a Governor, a Republican, who was convicted of murder. He is the Governor. We have a gentleman in Louisiana, by the name of Long, who acts like a nut. Perhaps he isn't; I don't know. But you have to live with all kinds of people to understand; and besides, when you are provisional president, and you have to run for president, you have to have the votes of the washed as well as the unwashed, and until that time, perhaps he is handicapped in doing the things that I believe in his heart he wants to do. At least that is the conversation I have had with him; they indicate that to me. Besides, Mr. Hoffa, I am convinced, is not seeking political power.

Senator ERVIN. In this country, most prosecuting attorneys have to run for office, and if a prosecuting attorney refrains from putting people in prison because they need their votes, there would never be anybody sent to prison.

Mr. BENDER. I want to say this: I got the names of 4,900 prosecuting attorneys throughout the country. Much has been said about my having sent letters to the members, the head men, in the locals, asking them to state their case. Of course, I expected that they would say that they were good people. But I took photostatic copies of their letters in many instances and sent them to prosecuting attorneys.

The thing that amazed me was the number of prosecuting attorneys who replied who said the union was clean in his particular area, Democrats as well as Republicans. Certainly there are some bad people among them. That is obvious. I am not protecting them. I haven't at any time protected anyone that I thought in the union was doing wrong.

Senator ERVIN. I would think that it would help Mr. Hoffa's chances for reelection if he would kick some of these convicted felons, the ones that are serving prison sentences——

Mr. BENDER. My dear friend, Senator Ervin, if Hoffa would run today, he would win by acclamation.

Senator ERVIN. And undoubtedly with the help or on the basis of the moral support from the prisons.

Mr. BENDER. Mr. Hickey, and his supporters in New York—in fact, I had a group of them in my office at the Standard Oil Building, where Bob Kennedy is going to run his brother's presidential campaign from, and he will be my neighbor—in any event, certainly as far as this group is concerned, they complained bitterly about an individual in the union, and I conveyed that to Mr. Hoffa and they said they were for Mr. Hoffa, but they wanted housecleaning done. I can't give you the names of the people at the moment. I don't have them.

Mr. KENNEDY. Could I ask a question?

The CHAIRMAN. Is there anything further?

Senator ERVIN. No.

Mr. KENNEDY. Has anybody been ousted from the Teamsters Union, Mr. Bender?

Mr. BENDER. Well, I recall——

Mr. KENNEDY. That is on your recommendation. Has anybody been ousted?

Mr. BENDER. That I am not at liberty to say at the moment, but I do know this: that we have recommended that certain people be ousted and then they go back and they get an injunction from the Federal judge preventing the ousting.

Mr. KENNEDY. Who did you recommend be ousted?

Mr. BENDER. Well, I am not at liberty to discuss that.

Mr. KENNEDY. It is a fact that you never recommended anybody to be ousted?

Mr. BENDER. Well, it isn't a fact.

Mr. KENNEDY. Who have you recommended to be ousted?

Mr. BENDER. I am not going to go into that. My report is to Mr. Hoffa.

Mr. KENNEDY. You came as a voluntary witness.

Mr. BENDER. That is right, but on this matter, not to discuss my work or what I am doing.

Mr. KENNEDY. Did you recommend that William Presser be ousted?

Mr. BENDER. No, I did not. I think William Presser, by the way, during the past year, if that man isn't doing right—every morning, for breakfast, dinner and supper, he has Federal agents, income tax people, Kennedy staff members, local investigators. They have all of his books. I saw him the other day and I said, "How are things going?" And he said, "How can they help but go right?"

Mr. KENNEDY. You have not recommended him. Have you recommended anything on Mr. Triscaro, that he be ousted from the union?

Mr. BENDER. I have not.

Mr. KENNEDY. Have you recommended——

Mr. BENDER. As a matter of fact—just let me finish—each of us, when Judge Jayne and Mr. Donohue and I met, all the Ohio cases were assigned either to Mr. Donohue or Judge Jayne, and I took cases other than in Ohio, because I didn't want, frankly, to have anything that I would say to be used as being prejudicial.

Mr. KENNEDY. You had a witness before your own committee—you don't even have to wait for the testimony before this committee—you had a witness before your own committee that stated, an employer who stated that he had to pay William Presser \$650 a month. You had that information long before you took this job.

Mr. BENDER. That is right.

Mr. KENNEDY. And you recommended nothing on Mr. Presser?

Mr. BENDER. Check the report and you will see what I recommended.

Mr. KENNEDY. I am talking about whether you tried to get rid of him.

Mr. BENDER. Frankly, I made the recommendation in 1955 after the hearings. Read them.

Mr. KENNEDY. Have you recommended that Mr. Hoffa withdraw or be ousted from the union based on his personal corruption?

Mr. BENDER. Certainly not.

Mr. KENNEDY. Why not?

Mr. BENDER. Well, because Mr. Hoffa is elected president of the union, and I have nothing to do with his situation, except as—

Mr. KENNEDY. I thought you were supposed to deal with corruption?

Mr. BENDER. My friend. I don't approve of corruption on the part of anyone.

Mr. KENNEDY. All right. Have you recommended that Mr. Hoffa be ousted from the union?

Mr. BENDER. Have I recommended to him that he fire himself? No.

Mr. KENNEDY. Have you recommended that James Blumetti from Ohio, who has been convicted of white slavery, be ousted from the union?

Mr. BENDER. James Blumetti, the man from Youngstown?

Mr. KENNEDY. Yes.

Mr. BENDER. Incidentally, I have—

Mr. KENNEDY. Will you answer the question?

Mr. BENDER. Yes, I will answer the question, but I will do it in my own way, if you don't mind. I know of that controversy, that conflict that existed in Youngstown. I had a meeting with Mr. Presser and Mr. Hoffa regarding the matter, and I asked that the matter be resolved and the situation be cleaned up.

Mr. KENNEDY. Have you recommended that he be ousted?

Mr. BENDER. I say I recommended the matter be cleaned up, not only involving one individual, but many.

Mr. KENNEDY. Mr. Chairman, as the record shows, Senator Bender received some \$58,000 from the Teamsters Union through, I believe, May, in connection with—

Mr. BENDER. I have another bill that is going in today, by the way.

Mr. KENNEDY. We have some information regarding the activities of the Teamsters Union in connection with his campaigns in 1954, and again in 1956, including financial contributions in 1956.

The CHAIRMAN. The Chair is not going into that.

Mr. BENDER. Well, I don't believe—

The CHAIRMAN. The testimony here yesterday carried an implication that possibly you got a payoff, period.

Mr. BENDER. That is right. That is why I came here.

The CHAIRMAN. You asked to come here. It was nothing but right that you be heard.

Mr. BENDER. Thank you, and appreciate it.

The CHAIRMAN. We permitted you to be heard. You say you did not get a payoff.

Mr. BENDER. I say it is a damnable lie and I resent it.

The CHAIRMAN. I did not make the implication. The record made it and the witness made it, as you know.

Mr. BENDER. The witness did not say I was paid off.

The CHAIRMAN. He did not say you were, no. He said they undertook to raise money to pay for pulling strings to get the charges dropped. That is just about his exact language.

Mr. BENDER. But no charges were dropped. The report was made to the Congress as is customary for a congressional committee to make.

The CHAIRMAN. This is the notation he made at the time, and it is an exhibit. It says—

Mr. Starling said, "Other money was spent to pull certain strings to see that these charges were dropped."

That was the testimony that was here.

Mr. BENDER. Certainly, as far as I am concerned, no strings were pulled with me.

The CHAIRMAN. You have been given the opportunity to appear and make your statement.

Mr. BENDER. That is right.

Mr. KENNEDY. Could I ask you if Mr. Presser or Mr. Triscaro were cited for contempt by the committee?

Mr. BENDER. Frankly, the report is there. I can't tell you. There are a number of people that we recommended contempt citations for in that report.

Mr. KENNEDY. Mr. Presser and Mr. Triscaro are not included.

Mr. BENDER. You read what we say about Mr. Presser and I think you are a little mistaken.

The CHAIRMAN. The report has been made an exhibit, has it not?

Mr. KENNEDY. It has.

The CHAIRMAN. All right. It speaks for itself.

Are there any further questions? All right. Thank you very much.

Mr. BENDER. Thank you very much.

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Mr. Kirkwood Yockey and Mr. Pickett.

The CHAIRMAN. Come forward, please, gentlemen. Be sworn.

Do you and each of you solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. YOCKEY. I do.

Mr. PICKETT. I do.

TESTIMONY OF SCOTT PICKETT AND KIRKWOOD YOCKEY

The CHAIRMAN. Beginning on my left, will you state your name, your place of residence, and your business or occupation, please, sir?

Mr. YOCKEY. My name is Kirkwood Yockey. I reside in Indianapolis, Ind. I am an attorney at law and practice in Indianapolis.

The CHAIRMAN. Thank you very much.

And you, sir?

Mr. PICKETT. My name is Scott Pickett. I reside in Indianapolis. My occupation at present is a mechanic, a truck mechanic.

The CHAIRMAN. Thank you very much. You gentlemen waive counsel, do you?

Mr. YOCKEY. That is right.

Mr. PICKETT. Yes.

The CHAIRMAN. Proceed.

(At this point Senator McClellan withdrew from the hearing room.)

Mr. KENNEDY. Yesterday and the day before, Mr. Chairman, we had testimony in connection with contracts that have been signed in the central conference of Teamsters and the fact that the contracts in the other sections of the country have been found to be higher than those negotiated by Mr. Hoffa.

We also had testimony yesterday by Mr. Luken that one of the most important parts or sections of the contract is the section dealing with grievances, and that a section dealing with grievances should be approved by the membership.

Then we had the official from Trans-American, who stated that their grievance section is different from the grievance sections of other contracts; that this grievance section was not approved by the membership; that the grievances go to the local union and then immediately go to Detroit, no matter what section of the country is involved, and are handled by either Rolland McMaster or Frank Fitzsimmons, both of whom are officials of local 299 of the Teamsters, Mr. Hoffa's local.

Instead of going through the usual grievance procedure, from the local level to the State level to the conference level, they go immediately to these two officials of local 299, Mr. Hoffa's local. It is a very unusual procedure.

Based on our investigation, we have found that a number of these grievances have not been processed, and that the local driver who feels that he is not being paid his full salary by Trans-American has had difficulty collecting from the company.

It is supposed to be paid within 10 days. The local takes it up, and if it is not paid, it goes then to local 299, to these two officers, and often these people never receive their money.

We are now going to inquire into that situation with the next few witnesses.

Mr. Pickett, you are employed as a mechanic, or were employed up until the last couple of days by the G. & G. Leasing Co.?

Mr. PICKETT. I am at present employed there.

Mr. KENNEDY. You are at present employed there?

Mr. PICKETT. Yes, sir.

Mr. KENNEDY. You were reinstated after being laid off for a day?

Mr. PICKETT. That is right.

Mr. KENNEDY. You were laid off the day after our staff member contacted you; is that correct?

Mr. PICKETT. That is correct. I was laid off for a period of 4 weeks.

Mr. KENNEDY. For a period of 4 weeks?

Mr. PICKETT. Yes, sir.

Mr. KENNEDY. Were you given the reason as to why you were laid off?

Mr. PICKETT. Yes, sir.

Mr. KENNEDY. What reason was given to you?

Mr. PICKETT. A union agent informed my superior to lay me off.

Mr. KENNEDY. A union agent had told your superiors in the company to lay you off; is that correct?

Mr. PICKETT. That is what my superior told me.

Mr. KENNEDY. Who was your superior?

Mr. PICKETT. Mr. George Gigax.

Mr. KENNEDY. Did they tell you what union official had contacted them?

Mr. PICKETT. Yes, sir.

Mr. KENNEDY. What union official?

Mr. PICKETT. Robert Martin.

Mr. KENNEDY. What is his position?

Mr. PICKETT. Business agent.

Mr. KENNEDY. Of what local?

Mr. PICKETT. 135.

Mr. KENNEDY. Had you ever had any conversations with Mr. Martin?

Mr. PICKETT. Relative to what, sir?

Mr. KENNEDY. Relative to your testimony or relative to what you might tell the investigator?

Mr. PICKETT. Well, the only thing there I did tell him that I talked to Mr. Sheridan, and he wanted to know what I had to tell him. I said only the facts that I knew and I wasn't going to lie to him or anybody else.

Mr. KENNEDY. What did he tell you?

Mr. PICKETT. Well, at that time he told me he would talk to Gene San Soucie and talk to me later. Later he did talk to me by telephone, of course. It wasn't face to face.

Shall I relate the full conversation to the best of my remembrance?

Mr. KENNEDY. Yes.

Mr. PICKETT. He told me not to have anything to do with Mr. Sheridan, that Mr. Sheridan was a phony; that if anybody wanted to talk to me relative to this committee, to refer them to San Soucie.

Mr. KENNEDY. If anybody wanted to get any information from you, you should refer them to Gene San Soucie?

Mr. PICKETT. Yes, sir.

Mr. KENNEDY. What else did he tell you?

Mr. PICKETT. Well, he told me he was on the way to the racetrack, which was May 30, and he couldn't talk any longer, and for me to get lost.

Mr. KENNEDY. He told you to get lost?

Mr. PICKETT. That is right.

Mr. KENNEDY. Then subsequently you lost your job and your superiors told you that you lost your job because the union officer came,

the business agent, Mr. Martin, came and suggested that you be let go?

Mr. PICKETT. Mr. Gigax's very words were, "I am sorry to lay you off, Scott, but Martin said I had to."

(At this point Senator McClellan entered the hearing room.)

Mr. KENNEDY. That is one of the great difficulties we have, retaliation that the Teamsters Union takes against any individual who is willing to cooperate with this committee. They can lose their jobs, lose their livelihoods.

Here is a man who was being interviewed by a staff member of the committee, and he was told to get lost, to get out of town. He did talk to us, and then the business agent of the local came by and told his superior to fire him.

Mr. PICKETT. No, sir; it was not fire. It was to lay off.

Mr. KENNEDY. To lay him off. He was laid off.

The CHAIRMAN. When did this occur?

Mr. PICKETT. May 29 I was laid off.

The CHAIRMAN. That recently?

Mr. PICKETT. Yes, sir.

The CHAIRMAN. Mr. Counsel, you may have the staff pursue it with a view of contempt proceedings against the person.

Who laid you off? Who was it ordered you laid off?

Mr. PICKETT. Business agent.

The CHAIRMAN. What is his name?

Mr. PICKETT. Robert Martin.

The CHAIRMAN. Was it due to the fact that you were cooperating with the committee?

Mr. PICKETT. Naturally, I have to assume that, sir.

The CHAIRMAN. There was no other reason given, was there?

Mr. PICKETT. No.

The CHAIRMAN. He told you not to cooperate with the committee, did he?

Mr. PICKETT. Yes, sir; he had.

The CHAIRMAN. He told you not to talk to the investigators?

Mr. PICKETT. He told me not to talk to Mr. Sheridan.

The CHAIRMAN. One of the investigators of the committee?

Mr. PICKETT. Yes, sir.

The CHAIRMAN. One of the staff members?

Mr. PICKETT. Yes, sir.

The CHAIRMAN. When did he tell you that?

Mr. PICKETT. May 30.

The CHAIRMAN. Of this year?

Mr. PICKETT. Yes, sir.

The CHAIRMAN. He told you not to talk to him?

Mr. PICKETT. Yes, sir.

(At this point Senator Goldwater withdrew from the hearing room.)

The CHAIRMAN. Why?

Mr. PICKETT. He said he was a phony.

The CHAIRMAN. He said he was a phony?

Mr. PICKETT. Yes, sir.

The CHAIRMAN. I guess he would say the whole committee was a phony.

Mr. PICKETT. Yes, sir. He did not say that, sir. I am sorry.

The CHAIRMAN. Well, anyway, immediately after you did talk to Mr. Sheridan; is that right?

Mr. PICKETT. Yes, sir; I did talk to Mr. Sheridan. I never refused to talk to Mr. Sheridan.

The CHAIRMAN. After you did, he went to your employer and asked that you be laid off?

Mr. PICKETT. Senator McClellan, I can't accuse the man of telling why to lay me off.

The CHAIRMAN. Did he go to your employer and ask that you be laid off?

Mr. PICKETT. No, sir; it didn't happen that way.

The CHAIRMAN. I wasn't in here a moment ago; I am sorry.

Mr. PICKETT. My employer told me on Friday night when he handed me my check, he said, "Scott, you have to be laid off."

The CHAIRMAN. Who was it who told you that?

Mr. PICKETT. George Gigax.

The CHAIRMAN. He is what in the company?

Mr. PICKETT. He is superintendent of the garage.

The CHAIRMAN. Superintendent of the garage?

Mr. PICKETT. Yes, sir.

The CHAIRMAN. Did he tell you how long you would be laid off?

Mr. PICKETT. No, sir. I didn't ask him.

(At this point Senator Ervin withdrew from the hearing room.)

The CHAIRMAN. You go back immediately when you leave here and ask to be reinstated.

Mr. PICKETT. Sir, I am working there. I have been reinstated since.

The CHAIRMAN. All right. Let's keep it that way.

Mr. PICKETT. Well, I would like to.

The CHAIRMAN. Proceed.

Mr. KENNEDY. How long were you laid off?

Mr. PICKETT. Approximately 4 weeks, sir. I didn't keep an exact record of it. I was working at other jobs.

Mr. KENNEDY. I presume when your employer told you Martin said you had to be laid off, you didn't just put your tools down and walk out. You must have said, "Well, why?"

Mr. PICKETT. The thing I did do was load my tools in my car and drive away. I was pretty burned up and I didn't talk. Anything I say when I am mad is usually wrong.

Mr. KENNEDY. You didn't say anything?

Mr. PICKETT. No, sir; I did not.

Mr. KENNEDY. You just picked up your tools and walked out. You didn't ask why, who said so, how long, or nothing?

Mr. PICKETT. That is right. He gave me the reason to start with.

Mr. KENNEDY. What were the circumstances of your being laid back on again?

Mr. PICKETT. He said he needed me.

Mr. KENNEDY. He called you up, the same man who fired you?

Mr. PICKETT. Sir, he did not fire me.

Mr. KENNEDY. The same man who laid you off?

Mr. PICKETT. The same man who laid me off.

Mr. KENNEDY. He called you up and wanted you to come back to work?

Mr. PICKETT. That is right. And I told him the morning I reported to work if he thought I was going to cause him any trouble, any inconvenience, in any way, due to my cooperation with this committee, that I would sign a letter of resignation and walk out. He said for me not to do it, that he liked my work, he wanted to keep me.

Mr. KENNEDY. Did anybody talk to you from the union angle since then?

Mr. PICKETT. Yes, sir.

Mr. KENNEDY. What did they say?

Mr. PICKETT. Well, San Soucie was the only one concerning this. Well, I will take that back. He wasn't the only one. There was one other agent present—Mr. Dunninger. But San Soucie did inform me that I should come over here under subpoena—I should testify, I should tell the straight truth and stick to the facts, and he would support me 100 percent.

Mr. KENNEDY. San Soucie told you that?

Mr. PICKETT. Yes, sir.

Mr. KENNEDY. Who is San Soucie?

Mr. PICKETT. President of our local 135.

Mr. KENNEDY. Did you tell him the last time you talked to the committee that Martin said you had to be laid off?

Mr. PICKETT. No, sir. As a rule, I only answer questions.

Mr. KENNEDY. Did he know that Martin had caused you to be laid off?

Mr. PICKETT. I doubt very much if he did.

Mr. KENNEDY. You doubt if he did?

Mr. PICKETT. Yes, sir.

Mr. KENNEDY. Did Martin try to cause you any trouble since then?

Mr. PICKETT. No, sir; he hasn't.

(Members of the select committee present at this point: Senators McClelland and Mundt.)

Mr. KENNEDY. You were employed as an owner-operator by Trans-American Freight Lines, Inc., in Indianapolis from January 13, 1953, to July 22, 1957?

Mr. PICKETT. Yes, sir.

Mr. KENNEDY. At that time, in 1955, this cent and a half arrangement that we discussed yesterday went into effect; is that correct?

Mr. PICKETT. To the best of my remembrance, it is. Prior to that we had a cent and a quarter under the same conditions.

Mr. KENNEDY. What that meant was that in lieu of fringe benefits—

Mr. PICKETT. In lieu of all fringe benefits.

Mr. KENNEDY. You would receive a cent and a half more each mile; is that right?

Mr. PICKETT. That is right, sir.

Mr. KENNEDY. However, if you found by keeping your books or trip sheets—if you found by keeping them that you had more coming under the regular contract, you could put a grievance in and collect the money; is that correct?

Mr. PICKETT. Collect the difference, and that was over any period of 28 days and the grievance was to be settled in a period of 10 days.

Mr. KENNEDY. That was a grievance to be handled and those grievances were to be settled within 10 days under the contract?

Mr. PICKETT. Yes, sir.

Mr. KENNEDY. It was a cent and a quarter before 1955, and then it became a cent and a half in 1955, which was in lieu of all vacation, holidays, all of the meals, all of that?

Mr. PICKETT. Hotel, meals; yes, sir.

Mr. KENNEDY. You would collect a cent and a half per mile. But if you kept your trip sheet, you could show that you would collect more under the regular contract with all of these things if you put in a grievance?

Mr. PICKETT. That is right.

Mr. KENNEDY. The grievance was to be handled at the local level and you were to be paid in 10 days.

Mr. PICKETT. That is right.

Mr. KENNEDY. In 1953-54, you did pretty well under the cent and a half arrangement?

Mr. PICKETT. Well, yes; we did.

Mr. KENNEDY. After that, because the company changed its method of operation, put in some new trucks, it was more difficult to make money under the cent and a half arrangement?

Mr. PICKETT. Well, you couldn't.

Mr. KENNEDY. You could not?

Mr. PICKETT. You couldn't even come close to breaking even under that.

Mr. KENNEDY. So you started to put in grievances; is that right?

Mr. PICKETT. Yes, sir.

Mr. KENNEDY. The first group that you put in was paid by the company?

Mr. PICKETT. They were paid by the company, handled through the local, and the local handled it through Detroit.

Mr. KENNEDY. The second group they put in, they offered you a settlement of 60 percent of the grievances?

Mr. PICKETT. Approximately that, sir.

Mr. KENNEDY. Did you accept it?

Mr. PICKETT. Yes, sir.

Mr. KENNEDY. The third group that was put in, amounting to some \$1,400, is the one we will be discussing now.

You put in this third group of \$1,400. What was that for—vacations, holidays, turnaround?

Mr. PICKETT. That was for vacations, holidays, paid holidays, and hotel bills, layover time, and breakdown time.

Mr. KENNEDY. And you had a bill of some \$1,400; is that right?

Mr. PICKETT. \$1,400 and some; I don't remember exactly.

Mr. KENNEDY. When you put that grievance in, were you contacted by the company and offered a settlement?

Mr. PICKETT. No, sir.

Mr. KENNEDY. Did they state to you that they would settle for 40 percent of that?

Mr. PICKETT. No; the grievance was mailed by Mr. Dunninger.

Mr. KENNEDY. That is Richard D-u-n-n-i-n-g-e-r, business agent for local 135?

Mr. PICKETT. That is correct, sir. It was mailed to Mr. Frank Fitzsimmons in Detroit to be handled there. I couldn't say exactly how long, but approximately 4 to 5 months later it came back with from 30 to 40 percent settlement.

Mr. KENNEDY. That came back from the union?

Mr. PICKETT. It came back from Detroit to our local union in Indianapolis. A business agent called me and I went down and examined them and refused them.

Mr. KENNEDY. Your own union recommended that you accept it?

Mr. PICKETT. No, sir; my own union did not.

Mr. KENNEDY. When I talk about your own union, I mean the Teamsters Union representatives.

Mr. PICKETT. That was Mr. Frank Fitzsimmons' recommendation, I was told.

Mr. KENNEDY. From local 299?

Mr. PICKETT. Yes, sir. Mr. Dunninger did not recommend either way.

Mr. KENNEDY. But when it came out of Detroit by Mr. Frank Fitzsimmons, the recommendation was that you take 40 percent of the grievance?

Mr. PICKETT. That is right, sir. I don't know about the exact percentage, but that was it approximately.

Mr. KENNEDY. What did Mr. Dunninger say about that?

Mr. PICKETT. Mr. Dunninger has always taken a stand that it was up to the individual to accept or reject. He has never recommended either way.

Mr. KENNEDY. Did he tell you that this was all controlled by Frank Fitzsimmons in Detroit?

Mr. PICKETT. Yes, sir.

Mr. KENNEDY. And that there was nothing he could do?

Mr. PICKETT. That is right. He was the mail boy, the way he would put it. I would bring them in and he would mail them.

Mr. KENNEDY. Mr. Chairman, the testimony of this witness and the next witness is of extreme importance in connection with this because of the pattern that it establishes. Here the grievance that this member of the Teamsters put in was sent up to Detroit, outside the regular grievance procedures of most contracts, something that had never been approved by the membership. It went up there, and Frank Fitzsimmons, who would not have any interest in it except that this was agreed by Mr. James Hoffa and the representatives of this company, sends back and recommends that he accept only 40 percent of the grievance.

What did you do then? Did you call Frank Fitzsimmons?

Mr. PICKETT. I called Frank Fitzsimmons. I sent him proof, and I mean it was proof without a doubt that I actually had the money coming, the full amount, and that I would not accept anything else.

He gave me an argument at that time and I made four individual trips to Detroit to see the man and was unable to see him. I was unable to see Mr. Dennis. I called him and I couldn't even talk to him. He refused to talk to me and referred me to the local terminal manager. The local terminal manager wouldn't commit himself either way.

Mr. KENNEDY. You couldn't get any satisfaction?

Mr. PICKETT. No satisfaction whatsoever, so I hired an attorney and filed suit.

Mr. KENNEDY. You had been unable to make payments on your truck that you had purchased for \$12,000?

Mr. PICKETT. If I had the money due me, I could have saved myself at least \$4,000.

Mr. KENNEDY. Did you consequently lose your truck?

Mr. PICKETT. Yes, sir; I did.

Mr. KENNEDY. Then you hired your attorney?

Mr. PICKETT. Yes, sir.

Mr. KENNEDY. What was his name?

Mr. PICKETT. Mr. Kirkwood Yockey.

Mr. KENNEDY. That is this gentleman?

Mr. PICKETT. That is correct.

Mr. KENNEDY. He has already been sworn. You are in the law firm practicing where, Mr. Yockey?

Mr. YOCKEY. I practice in Indianapolis, Ind., in partnership with my father, Harry E. Yockey, and my brother, Eugene Yockey.

Mr. KENNEDY. How long have you been a member of the bar?

Mr. YOCKEY. Twenty-two years.

Mr. KENNEDY. Mr. Yockey, you were approached by Mr. Pickett in connection with this job?

Mr. YOCKEY. I was, and authorized to divulge any information to the committee and appear here today in response to the subpoena.

Mr. KENNEDY. You are under subpoena and Mr. Pickett has given you authorization to testimony in connection with this matter; is that correct?

Mr. YOCKEY. That is right.

Mr. KENNEDY. Would you tell us what steps you took after you were contacted by Mr. Pickett?

Mr. YOCKEY. In July 1957, Mr. Pickett employed us to collect claims for wages which were embraced in grievances which he had filed with the Teamsters Union for the years 1955 and 1956, and these matters covered vacation pay for 2 years, hotel expenses, and other matters, layover expenses, and so forth.

Mr. KENNEDY. Would you relate what happened; what steps you took?

Mr. YOCKEY. We checked the carbon copies of his grievances that he had filed through the local 135 which had been forwarded to Mr. Fitzsimmons in Detroit, and then we wrote Trans-American Lines, Inc., at Detroit, and made a demand for the payment of these amounts which totaled around \$1,400.

After considerable correspondence back and forth with Mr. Chawke—he is the attorney for Trans-American—we were getting no place in negotiations; so we served a final notice that if some arrangement wasn't made for paying these claims, that we would have to file suit against the company and also to make application for the appointment of a receiver in the Indiana State courts.

In response to this letter to Mr. Chawke, he called me on the telephone on September 12, 1957, and indicated that he couldn't get the company to do anything about paying any of these claims, and that we should take the matter up with either Mr. Dennis of Trans-American, or with Mr. Fitzsimmons, of 299 in Detroit.

I explained to Mr. Chawke that I appreciated the fact that as attorney for his company, if he couldn't get them to act there wasn't anything else he could do, but there was no point in me taking the matter up further with Mr. Dennis or with Mr. Fitzsimmons, that as far as the Teamsters Union was concerned, under the contract, the time had expired for them to do anything about it, and it was a matter of legal question, pure and simple. He said that he would have Mr. Fitzsimmons contact me and that day I received a telephone call from Mr. Fitzsimmons in which he indicated that the only procedure Mr. Pickett had available to him was to proceed through the grievance committee, and I informed him that under the contract the time had long expired and that the union was doing nothing about it, and if they weren't going to act on the matter, we were going to go ahead and file a suit and also make application for a receiver.

He then told me not to do that, to contact either Mr. San Soucie or Mr. Hoffa, who were in the Shoreland Hotel in Chicago.

I didn't know Mr. Hoffa, but I did know Mr. San Soucie. I put in a call for Mr. San Souci on the telephone at the Shoreland Hotel, on the same day, and was informed that he and Mr. Hoffa had left for Detroit.

They told me to call him there, and I said no, if they wanted to talk to me about this matter, they could contact me.

In the meantime, I received a telephone call from a man who said his name was Barney Trefts, who indicated over the telephone that he was a business agent for local 135, and he told me he couldn't talk to me there at the Teamsters Union hall; but he gave me the number of a pay phone, and if I would call him in a few minutes, he would be there and he would discuss the matter with me.

So I did.

He told me that there was an arrangement between Mr. Hoffa and Trans-American Freight Lines whereby they weren't paying any of their grievances, that they were sitting tight on them for a year or two, until they starved the drivers out—

The CHAIRMAN. Until they what?

Mr. YOCKEY. Until they had starved the drivers out. In other words, until the driver got hungry and he had to settle. Then they would settle the claims on a 50-percent basis with Trans-American, and that Mr. Hoffa was keeping 10 percent of it and giving the drivers 40 percent.

The CHAIRMAN. Who told you that?

Mr. YOCKEY. A man who said his name was Barney Trefts, of 135.

The CHAIRMAN. Who is he?

Mr. KENNEDY. A Teamsters official of local 135 in Indianapolis.

The CHAIRMAN. In other words, there was collusion between Mr. Hoffa and this company to hold up all claims, not settle them until the laboring people, the drivers, got hungry, using that term to illustrate that they needed the money badly, and then they would settle them on a 50-percent basis, with Mr. Hoffa getting a knockdown of 10 percent of the 50?

Mr. YOCKEY. That is what this man told me, Senator.

The CHAIRMAN. I mean, that is what he told you. You don't know whether it is true or not?

Mr. YOCKEY. That is right.

The CHAIRMAN. But you know you were having trouble getting a settlement?

Mr. YOCKEY. That is right. They refused to pay anything.

The CHAIRMAN. Refused to pay anything?

Mr. YOCKEY. That is right.

The CHAIRMAN. And this man wouldn't talk to you. You called him at the union hall?

Mr. YOCKEY. No; he called me.

The CHAIRMAN. He called you?

Mr. YOCKEY. That is right.

The CHAIRMAN. And had you call him back at a pay station?

Mr. YOCKEY. That is right.

The CHAIRMAN. All right.

Mr. KENNEDY. You will see, Mr. Chairman, Mr. Yockey had a conversation with Mr. Hoffa personally, which he was going to go into subsequently.

Mr. YOCKEY. Then Mr. Trefts told me, "Don't let those fellows scare you, sit tight. Make them pay this man what he has coming to him. He has this 2 years' vacation pay and so forth. Make the company pay him. They are beating their drivers down and not paying them what they owe them."

He suggested just to go ahead and file a suit. I said, "Well, I already have a call in for Mr. San Soucie," and that I would make up my mind on it.

In the meantime, Mr. Hoffa calls me from Chicago, and he told me—or, I mean, a man who said his name was Hoffa—I assumed it was James Hoffa of the Teamsters Union. He said if I would meet him in Chicago the next morning, that they would settle this claim for 40 cents on the dollar. I said, "Well, Mr. Hoffa, it is hard for me to understand how you can represent these men in the Teamsters Union and recommend that a man take 40 percent of his vacation pay for 2 years or 40 percent of his hotel bill or 40 percent of items like that. There are other items that might be in controversy and I could see where there might be a realm of bargaining on those points. But on those other items I can't see how you can represent a man and conscientiously recommend that he take 40 percent of those items.

The CHAIRMAN. You were speaking to Hoffa as a representative of the man that you were representing?

Mr. YOCKEY. Absolutely, Senator.

The CHAIRMAN. In other words, he was in that capacity from your standpoint, the head of the union?

Mr. YOCKEY. That is right. He is supposed to represent them.

The CHAIRMAN. This is one of his members that he is supposed to protect?

Mr. YOCKEY. That is exactly right.

The CHAIRMAN. Yet he was trying to get you, as his attorney, to accept 40 percent of what the man is entitled to?

Mr. YOCKEY. That is right.

The CHAIRMAN. Even for reimbursement for hotel expenses?

Mr. YOCKEY. That is right, and vacation pay, too.

Mr. KENNEDY. They are entitled under the contract to 2 weeks, 1 week up to 3 years and 2 weeks after that.

The CHAIRMAN. But I am talking about all the out-of-pocket expense the man had gone to, out of his hotel bill, to which he is entitled. They wanted him to accept 40 percent of that.

Mr. KENNEDY. There are definite provisions in the contract where the man was entitled to this money.

Mr. YOCKEY. That is right.

Mr. KENNEDY. When they offered 40 percent, it didn't make any sense whatsoever?

Mr. YOCKEY. He said this man might have stayed with his aunt and didn't spend that much. I said it didn't make any difference. The contract provides he gets so much for vacation pay.

I said, "I can't understand how you can represent a man in the union and ask him to take 40 percent. Will you just give me one good reason why this man should take 40 percent?"

And he said, "Because I said so," and I said, "Mr. Hoffa, that is not a good enough reason as far as I am concerned, and if that is the best you can do, I will recommend that we file a suit," and we did.

Mr. KENNEDY. Did he say that if you did accept the 40 percent, he would have the cash available for you?

Mr. YOCKEY. In Chicago the next morning.

Mr. KENNEDY. Would you tell in your own words what he said about that? What did he say?

Mr. YOCKEY. Just what you said. He said, "If you can settle this matter, it has been pending for a couple of years, I can settle this thing for you for 40 percent and the cash will be available for you if you will meet me in Chicago in the morning."

The CHAIRMAN. 40 percent of \$1,000? Was that in round numbers what was involved?

Mr. YOCKEY. That is right.

Mr. KENNEDY. What happened then? Would you tell us what happened?

Mr. YOCKEY. We filed suit and asked for the appointment of a receiver. And then the matter was settled.

Mr. YOCKEY. Around \$1,200.

The CHAIRMAN. In other words, instead of getting 40 percent, you got around 90?

Mr. YOCKEY. That is right. And the attorney for Trans-American told them then on the spot to pay the vacation pay and these other items I have testified to immediately or the court would appoint a receiver. They did immediately; they sent a check on that and the rest of it was negotiated.

The CHAIRMAN. How long was it after you had your conference with Mr. Hoffa when he was trying to get you to accept 40 percent? How much time elapsed between the time you actually got the suit filed and the time you talked with Hoffa?

Mr. YOCKEY. I talked to Hoffa on September 12. We filed suit on October 8. I can give you the date—

The CHAIRMAN. Just approximately.

Mr. YOCKEY. Within 2 weeks. They paid the vacation pay and the other items, which was around \$700.

The CHAIRMAN. Do you know how many men they may have settled with at 40 percent that had grievances comparable to that? Do you know of others that they did settle with on that basis?

Mr. PICKETT. Yes, sir.

The CHAIRMAN. In other words, they were able to beat a lot of them down to the 40 percent settlement?

Mr. PICKETT. Yes, sir.

Mr. KENNEDY. Isn't it a fact that after the first settlements were made, almost everyone has had to rely on 40 percent?

Mr. PICKETT. Everyone that filed grievances.

Mr. KENNEDY. You never could get all your grievances settled?

Mr. PICKETT. Only the first bunch were settled at the full amount.

Mr. KENNEDY. And then you would wait a year or a year and a half before you got settlement and nobody, with the possible exception of yourself, ever got 80 percent or 90 percent?

Mr. PICKETT. No one except me.

Mr. KENNEDY. Nobody else, Senator.

Once again, the union did not process the grievances, did not protect the employees of the company, and only this gentleman, who went and got a lawyer, with the fine work that the lawyer did, was able to get this for him.

The CHAIRMAN. You state, Mr. Yockey, that you talked to Hoffa personally?

Mr. YOCKEY. I stated that a man called me on the telephone from Chicago and said his name was Hoffa.

The CHAIRMAN. Did you talk to Mr. Hoffa personally where you saw him and identified him as Mr. Hoffa?

Mr. YOCKEY. I did not.

The CHAIRMAN. All of this was telephone conversation?

Mr. YOCKEY. That is correct.

The CHAIRMAN. From a man who said he was James Hoffa?

Mr. YOCKEY. That is right. I can give you his room number in the Shoreland Hotel, if you want that.

Mr. KENNEDY. We already have it. We checked it and he was there.

Mr. YOCKEY. I gave that information to the investigator, his room number.

The CHAIRMAN. He gave you his room number where he was at the time?

Mr. YOCKEY. Mr. Trefts did, and that is the room number. I gave that to Mr. Sheridan and they checked it out, I understand. But I don't know that to be a fact.

The CHAIRMAN. All right.

The committee will stand in recess until 2 o'clock.

(Whereupon, at 12:08 p.m., the select committee recessed, to reconvene at 2 p.m., the same day.)

(Members of the select committee present at the taking of the recess were Senators McClellan and Mundt.)

AFTERNOON SESSION

(The select committee reconvened at 2 p.m., in the caucus room of the Senate Office Building, Senator John L. McClellan, chairman of the select committee, presiding.)

The CHAIRMAN. The committee will be in order.

(Members of the select committee present at the convening of the afternoon session were Senators McClellan and Church.)

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Mr. Hershell Hinkley.

The CHAIRMAN. Mr. Hinkley, will you come around, please?

Do you solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. HINKLEY. I do.

**TESTIMONY OF HERSELL S. HINKLEY, ACCOMPANIED BY
COUNSEL, THOMAS F. CHAWKE**

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. HINKLEY. My name is H. S. Hinkley. I reside in Indianapolis, Ind., and I am terminal manager for Trans-American Freight Lines, Inc.

The CHAIRMAN. Do you have counsel?

Mr. Counsel, will you identify yourself for the record, please.

Mr. CHAWKE. Thomas F. Chawke, and I am an attorney at law, with offices in the city of Detroit, 1724 Ford Building.

The CHAIRMAN. Thank you, sir.

Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Hinkley, how long have you been with Trans-American Freight Lines?

Mr. HINKLEY. Approximately 15 years.

Mr. KENNEDY. What is your position now?

Mr. HINKLEY. Indianapolis terminal manager.

Mr. KENNEDY. Mr. Hinkley, do you remember the case of Mr. G. K. Curtis, who was a driver of Trans-American?

Mr. HINKLEY. Yes, sir.

Mr. KENNEDY. Is it correct that Mr. Curtis was laid off from his job because of the fact that he submitted so many grievances, in his attempts to collect for overtime, vacation, and holidays?

Mr. HINKLEY. No, sir.

Mr. KENNEDY. Why was Mr. Curtis released?

Mr. HINKLEY. He submitted a resignation.

Mr. KENNEDY. Had Trans-American Freight Lines been trying to get him fired or had they been trying to get to him?

Mr. HINKLEY. He was a very unsatisfactory employee.

Mr. KENNEDY. You had been trying to get him?

Mr. HINKLEY. Yes, sir.

Mr. KENNEDY. Had you been laying off other drivers that had less seniority—do you want to give him some legal advice?

(The witness conferred with his counsel.)

Mr. HINKLEY. Mr. Kennedy, we weren't trying to fire him or get him.

Mr. KENNEDY. Do you want to change your testimony?

Mr. HINKLEY. Yes, sir.

Mr. KENNEDY. You say you were not trying to fire him?

Mr. HINKLEY. That is correct.

Mr. KENNEDY. Were you trying to get rid of him?

(The witness conferred with his counsel.)

Mr. KENNEDY. Do you have to ask your attorney whether you wanted to get rid of him? I do not think that would be a legal question.

The CHAIRMAN. Let the Chair make this statement:

You have a right to consult with your attorney regarding any of your rights as you testify as a witness. Now, we have just observed that you make one statement under oath, to answer a question and say you were trying to get somebody, and then after you conferred with your attorney you changed your statement to say that you were not trying to get him.

Now, to confer with your attorney, the Chair is going to permit you to do that. But I do say this to you, that these questions that purely call for an answer stating facts, it seems that you should be able to answer them as a witness rather than to seek or ask your attorney how to answer them, if that is what you are doing.

Now, we are going to go ahead, but I expect as to the questions of fact or questions designed to elicit a fact that is within your knowledge, you should be able to answer. Now, if you want to consult your attorney about whether in that situation you ought to take the fifth amendment or something, that is another thing. But let us proceed now, and try to answer the questions that are asked you.

Mr. KENNEDY. Were you trying to get rid of Mr. Curtis?

Mr. HINKLEY. No, sir.

Mr. KENNEDY. You were not. The answer is that you were not?

Mr. HINKLEY. That is correct.

Mr. KENNEDY. You had no interest in trying to get him fired?

Mr. HINKLEY. No, sir.

Mr. KENNEDY. There was no campaign to get him by Trans-American?

Mr. HINKLEY. No, sir.

Mr. KENNEDY. You did not dismiss or release other drivers or lay off other drivers who had less seniority than Mr. Curtis, in order to get Mr. Curtis?

Mr. HINKLEY. No, sir.

Mr. KENNEDY. I would like to have you examine this document.

The CHAIRMAN. The Chair hands you what purports to be a carbon copy of a letter dated June 7, 1957, addressed to Mr. J. L. Totten, and apparently it is signed H. S. Hinkley, by a typewriter.

Will you examine that document, and state if you identify it?

(The document was handed to the witness.)

Mr. KENNEDY. Can you identify that?

(The witness conferred with his counsel.)

Mr. HINKLEY. Yes, sir.

The CHAIRMAN. What is the document, please?

Mr. HINKLEY. It is a letter from myself to Mr. Totten.

The CHAIRMAN. Thank you very much. The letter may be made exhibit No. 64.

(Letter referred to was marked "Exhibit No. 64" for reference and will be found in the Appendix on p. 19501.)

The CHAIRMAN. Now you may quote from it.

Mr. KENNEDY. It is from yourself, is it not?

Mr. HINKLEY. A carbon copy of a letter.

Mr. KENNEDY. Would you read the first sentence of the second paragraph, in view of the answers you have just given to the committee?

Mr. HINKLEY. I beg your pardon?

Mr. KENNEDY. In view of the answers you have just given to the committee, would you read the first sentence of the second paragraph to the committee?

Mr. HINKLEY (reading) :

One of the actions taken by Mr. Dennis in his recent campaign to get former driver G. Curtis out of our employ was to issue letters to owners of all permanent-leased units operating out of Indianapolis that we were terminating our lease with him upon 5 days notice from the date of the letter.

The CHAIRMAN. Could I see that document?

(The document was handed to the Chair.)

The CHAIRMAN. Now, Mr. Hinkley, you had just testified that there was no campaign on to get this man Curtis; is that not correct? You just testified to that a few moments ago, didn't you?

Mr. HINKLEY. Yes, sir.

The CHAIRMAN. Now, let us see what your letter says.

One of the actions taken by Mr. Dennis is his recent campaign to get former driver G. Curtis out of our employ was to issue letters to owners of all permanently leased units operating out of Indianapolis that we were terminating our lease with him upon 5 days notice from the date of the letter.

Now, that seems to me is contradictory to what you have just testified to, that you were making no effort to get this man.

What do you say about it?

(The witness conferred with his counsel.)

Mr. HINKLEY. Does that letter say it is my campaign?

The CHAIRMAN. Who is Mr. Dennis?

Mr. HINKLEY. He is vice president of Trans-American.

The CHAIRMAN. Is he over you or are you over him?

Mr. HINKLEY. He is the vice president, sir.

The CHAIRMAN. What are you?

Mr. HINKLEY. Terminal manager.

The CHAIRMAN. He is over you, then?

Mr. HINKLEY. Yes, sir.

The CHAIRMAN. At this time you knew of his campaign to get Curtis out of the employ of the company?

Mr. HINKLEY. Yes, sir.

The CHAIRMAN. Why did you just testify a while ago that there wasn't any effort to get him out?

Mr. HINKLEY. You asked me if there was any effort on my part.

Mr. KENNEDY. I said Trans-American.

The CHAIRMAN. Are you going to split hairs like that?

Mr. HINKLEY. No, sir.

The CHAIRMAN. Are we going to have to examine you that closely all the way through?

Mr. HINKLEY. No, sir.

The CHAIRMAN. All right.

Mr. KENNEDY. There was a campaign to get Mr. Curtis out?

Mr. HINKLEY. Yes, sir.

Mr. KENNEDY. And you did fire or lay off all of the drivers that had less seniority than he did in order to get to him?

Mr. HINKLEY. I don't think we got all of them off; no, sir.

Mr. KENNEDY. You did have a campaign to lay them off in order to get to Mr. Curtis?

Mr. HINKLEY. Yes, sir.

Mr. KENNEDY. And you did try to get to Mr. Curtis because he was putting in so many grievances against the company, did you not?

Mr. HINKLEY. Yes, sir.

Mr. KENNEDY. Now we have testimony in the record, Mr. Chairman, which was quite different from the testimony we started with this afternoon with this witness.

You made some notes at the time you had a conversation with Mr. Curtis; is that correct? In view of the fact that you were letting go all of these other drivers, and Mr. Curtis finally realized the reason was that you were trying to get to him, and you and he had a conversation, did you not?

Mr. HINKLEY. Yes, we had several conversations.

Mr. KENNEDY. And it was decided at that time that he would resign from the Trans-American?

Mr. HINKLEY. Yes, sir.

Mr. KENNEDY. And that you would then rehire these other drivers?

Mr. HINKLEY. Yes, sir.

The CHAIRMAN. Did you make some notes at the time of that conversation with Mr. Curtis?

Mr. HINKLEY. I don't recall.

The CHAIRMAN. I hand you here some penciled notations in handwriting. I ask you to examine the document and see if you identify it and, if you can, to state whose handwriting it is.

(The document was handed to the witness.)

(The witness conferred with his counsel.)

Mr. HINKLEY. It appears to be my handwriting.

The CHAIRMAN. Thank you very much. The document will be made exhibit No. 65.

(Notes referred to were marked "Exhibit No. 65" for reference and will be found in the appendix on p. 19502.)

The CHAIRMAN. All right.

Mr. CHAWKE. May I address the Chair?

The CHAIRMAN. Yes, you may.

Mr. CHAWKE. May the witness have an opportunity, if he desires to do so, before the completion of these hearings, to give an explanation of the answers that he has given?

The CHAIRMAN. He certainly may. He will be given every opportunity.

Mr. CHAWKE. I appreciate the circumstances under which the witness is before the committee. There is, in Mr. Kennedy's questioning, an implication which might not be correct, and if the witness can be given an opportunity to explain his testimony it would be appreciated.

The CHAIRMAN. The Chair will state that it is not now and has never been, and will not be, so long as I preside over this committee, the purpose or intention of the committee to get wrong implications. Any witness who appears will be permitted, after answering a question, to give explanation if he desires.

That has been the rule and practice from the beginning. It will continue to the end.

Proceed.

Mr. CHAWKE. Thank you, Mr. Chairman.

The CHAIRMAN. Do you want to give any explanation at this time?

Mr. CHAWKE. May the witness confer with his counsel?

The CHAIRMAN. He may; yes.

(The witness conferred with his counsel.)

Mr. HINKLEY. Not at this time.

The CHAIRMAN. All right; proceed with the questioning.

Mr. KENNEDY. I understand, then, as the record stands now, that you don't have anything to say, any more statements to make, on the questions that I have asked you; is that correct?

You can answer that as to whether you do or not, I would think.

Mr. CHAWKE. May I confer?

The CHAIRMAN. Do you want to make explanation now or do you want to make it later?

Mr. CHAWKE. May the witness confer with his counsel?

The CHAIRMAN. Yes.

(The witness conferred with his counsel.)

Mr. HINKLEY. We don't want to make any explanation at this time.

The CHAIRMAN. We just interrupted the questioning to assure your counsel on the request that you might make explanation.

All right; proceed.

Mr. KENNEDY. This document, Mr. Chairman, exhibit No. 65—

The CHAIRMAN. You may read from it.

Mr. CHAWKE. May I address the Chair again?

The CHAIRMAN. All right.

Mr. CHAWKE. I took it from the Chair's ruling that before the hearings of this committee would be completed, the witness would have an opportunity to confer with his counsel, and after so doing he could advise the committee as to whether or not he wished to appear here to correct, if he so cared to do, the testimony that he has given.

To ask the witness now, "Do you care to explain your testimony at this time?"—it seems to me that the witness should be given an opportunity, as a witness should be, before the committee's hearings are completed, and as promptly as possible, to make the explanation.

The CHAIRMAN. Let the Chair say this to you now: I had a little experience in the courtroom. You go in court and testify. You answer questions. You are asked a question that may call for a yes or no answer. The court would probably require the witness to answer yes or no and then give him immediately the opportunity to explain his answer. We try to follow that procedure here.

If I understand what you are asking me is let the witness testify today and then tomorrow or the next day, after he has consulted with his attorney, come back and make his explanation. Is that what you ask?

Mr. CHAWKE. Yes, sir.

The CHAIRMAN. You don't do that in a courtroom.

Mr. CHAWKE. If Your Honor please—

The CHAIRMAN. I would say this to you: If a witness comes here and testifies, and after he has been excused or after his testimony has been recorded, he discovers that he made an honest mistake and wishes to correct the record, upon request I think the committee would permit him to do so. We would not refuse to grant his request.

But from the standpoint of letting him come back to make explanations after he is through here, I don't know. I will not pass on it finally at this time. That is a matter that will address itself to the committee. But everybody knows that in a courtroom you go in, you are sworn, you testify, you answer a question "Yes" and then the court will permit "Yes, but," so-and-so, and you can explain why you answered yes or why you didn't, whatever the case may be.

That is courtroom procedure. But in these hearings, what we want to get is the truth, and if a witness makes a mistake and comes in here and says, "I gave you testimony yesterday or last week that I now find out, or upon reflection, upon remembering, I was in error, and the facts are different," and is in good faith, I don't think there is a member of this committee but what would want to grant him the opportunity to correct his testimony.

I think that is the way we proceed. Am I right?

Senator CHURCH. Agreed.

The CHAIRMAN. Proceed.

Mr. KENNEDY (reading) :

No. 1, you are mad at the company. No. 2, the drivers are upset. No. 3, a lot of them may lose their jobs. No. 4, you are not going to be happy with any job we may give you. No. 5, we will give you a letter of recommendation if you will resign. No. 6, escrow money promptly; No. 7, \$600. No. 8, grievances up to the most recent have been settled and will try to get them settled promptly.

That is what this reads. That was the arrangement you made with Mr. Curtis on his resignation?

Mr. HINKLEY. Yes, sir.

Mr. KENNEDY. I would like to have you identify this document.

The CHAIRMAN. I hand you another document. It is dated Detroit, Mich., January 17, 1957. It is listed as personal and confidential and addressed to all terminal and regional managers, dry freight division. It appears to be signed by Mr. R. T. or R. I. Dennis, vice president.

I will ask you to examine this document, together with the list of uniform rules and regulations attached, and state if you identify the document and the list of rules.

(The document was handed to the witness.)

(The witness conferred with his counsel.)

(At this point Senator Church withdrew from the hearing room and Senator Curtis entered the hearing room.)

The CHAIRMAN. Have you examined the document?

Mr. HINKLEY. Yes, sir.

The CHAIRMAN. Do you identify it?

Mr. HINKLEY. Yes, sir.

The CHAIRMAN. What is it?

Mr. HINKLEY. It is a letter addressed to all terminal and regional managers from Mr. R. I. Dennis.

The CHAIRMAN. The letter and the list of rules attached, do you identify that, too?

Mr. HINKLEY. The rules and regulations, yes, sir.

The CHAIRMAN. Do you identify those?

Mr. HINKLEY. Yes, sir.

The CHAIRMAN. The letter and the list of rules and regulations attached may be made exhibit No. 66.

(Documents referred to were marked "Exhibit No. 66" for reference and may be found in the files of the select committee.)

The CHAIRMAN. All right, Mr. Kennedy; proceed.

Mr. KENNEDY. This is dated January 14, 1957, to all the terminal managers, and regional managers, a confidential letter, enclosing a list of drivers, and also some rules and regulations.

What was the purpose of this document and the names and addresses of the drivers that is attached thereto?

Mr. HINKLEY. Would you let me have that back, please?

(The document was handed to the witness.)

Mr. KENNEDY. Briefly, what was the purpose of that document?

Mr. HINKLEY. It gave us a list of drivers who were habitual violators of company rules and regulations, encompassing their conduct and general work performance, performed their work in a slipshod manner, operated our road schedule to suit their convenience, come and go as they pleased, used any routes of travel they desired, delay the freight, and spend unauthorized time off at intermediate rest stops, resulting in Trans-American losing customers faster than we can regain them.

Mr. KENNEDY. This was a list of drivers, then, that you were trying to lay off?

Mr. HINKLEY. Yes.

Mr. KENNEDY. That was some rules and regulations whereby you might be able to lay them off?

Mr. HINKLEY. Yes, sir.

Mr. KENNEDY. Can he identify this document?

The CHAIRMAN. I hand you another document—

Mr. KENNEDY. Maybe Mr. Sheridan can identify it.

TESTIMONY OF WALTER J. SHERIDAN—Resumed

The CHAIRMAN. You have been previously sworn?

Mr. SHERIDAN. Yes.

The CHAIRMAN. State what the document is you have before you.

Mr. SHERIDAN. A letter dated March 5, 1956, from R. I. Dennis, executive vice president, to Mr. R. A. Mueller, manager, Cincinnati, Ohio.

The CHAIRMAN. What is attached to it?

Mr. SHERIDAN. Another letter attached dated February 26, 1956, from R. A. Mueller to Mr. R. I. Dennis.

The CHAIRMAN. How did you procure those letters?

Mr. SHERIDAN. From the files of the Trans-American Co.

The CHAIRMAN. In your capacity as an investigator for this committee?

Mr. SHERIDAN. Yes, sir.

The CHAIRMAN. Were they procured by subpoena?

Mr. SHERIDAN. Yes, sir.

The CHAIRMAN. They may be made exhibit No. 67 and 67A.

(Letters referred to were marked "Exhibit No. 67 and 67A" for reference and will be found in the appendix on pp. 19503, 19504.)

Mr. KENNEDY. I might read the second paragraph, which has some significance:

As you know, under the Central States rider, we have an agreement that any and all grievances are to be handled by the local union and our terminal managers on a local basis. If they cannot be settled, the union should forward their

grievances to Mr. Fitzsimmons in Detroit for discussion and settlement. There will be no changes on this arrangement, and it is not our desire to have our grievances handled by the Cincinnati local joint grievance committee. Yours truly,

And it is signed

R. I. Dennis, executive vice president.

Would you identify this document?

The CHAIRMAN. I present you the document counsel has referred to. I ask you to examine it and state if you identify it.

(The document was handed to the witness.)

(The witness conferred with his counsel.)

Mr. HINKLEY. Yes, I can identify it.

The CHAIRMAN. Have you examined the document?

Mr. HINKLEY. Yes, sir.

The CHAIRMAN. Do you identify it?

Mr. HINKLEY. Yes, sir.

The CHAIRMAN. What is it, please?

Mr. HINKLEY. It is a letter addressed to me concerning deliveries in Noblesville.

The CHAIRMAN. It may be made exhibit No. 68.

(Letter referred to was marked "Exhibit No. 68" for reference and will be found in the appendix on p. 19505.)

Mr. KENNEDY. This is addressed to Mr. Hinkley, Indianapolis, Ind., subject "Deliveries in Noblesville, Ind."

Attached hereto is a self-explanatory note. Look it up, take it home, but whatever you do, don't let anyone get hold of it. You will note R. I.'s decision and you have no choice but to be guided accordingly.

It is signed

J. A. Kinger, regional manager.

Then it reads:

To John Klinger: Let's deliver anyway until it becomes a constant pain deal. If grievances are filed, we will have to cross that bridge when we come to it.

It is signed "R. L. G." What does all that mean?

Mr. HINKLEY. I really don't know.

Mr. KENNEDY. You know what this means.

Mr. HINKLEY. I am sorry, Mr. Kennedy, but I don't.

Mr. KENNEDY. You don't have any idea?

Mr. HINKLEY. No, sir.

Mr. KENNEDY. Didn't you talk it over with Mr. Salinger—what it means?

Mr. HINKLEY. With whom?

Mr. KENNEDY. Mr. Salinger, of the staff?

Mr. HINKLEY. No, sir.

Mr. KENNEDY. I mean Mr. Sheridan. Didn't you discuss this with Mr. Sheridan?

Mr. HINKLEY. I don't recall discussing it with him.

Mr. KENNEDY. Did you discuss the situation in Noblesville at all with Mr. Sheridan?

Mr. HINKLEY. I don't recall discussing it with him.

Mr. KENNEDY. Did you discuss with Mr. Sheridan the fact that Trans-American, in violation of the contract, was coming in with

over-the-road drivers and making deliveries, while under the contract they are not to make deliveries within a 25-mile area?

Mr. HINKLEY. Yes, sir.

Mr. KENNEDY. Wasn't that the situation in Noblesville?

Mr. HINKLEY. Yes, that is the situation that would be applicable to Noblesville.

Mr. KENNEDY. And wasn't that in violation of the contract?

Mr. HINKLEY. Yes, it was in violation.

Mr. KENNEDY. All right. When he said,

Let's deliver anyway until it becomes a constant pain deal. If grievances are filed, we will have to cross that bridge when we come to it.

what happened? Did the union object to this? Did the union object to the fact that you were using over-the-road drivers to make deliveries in Noblesville?

Mr. HINKLEY. Yes, some of the other terminals in our system were not aware of the fact that Noblesville was within the 25-mile radius of Indianapolis, and they were having the road drivers perform the deliveries at Noblesville, Ind.

Mr. KENNEDY. It would appear from this note that at least the higher executives of Trans-American were well aware of the fact that you were violating the contract—that you were making the deliveries with over-the-road drivers.

What was finally the result of this situation? What was the result?

Mr. HINKLEY. We asked the terminals to send the loads to Indianapolis so we could deliver them with city men.

Mr. KENNEDY. Were there grievances filed?

Mr. HINKLEY. Yes.

Mr. KENNEDY. What happened to the grievances?

Mr. HINKLEY. They were settled.

Mr. KENNEDY. They were what?

Mr. HINKLEY. They were settled.

Mr. KENNEDY. And how were they settled?

Mr. HINKLEY. The men were paid the money.

Mr. KENNEDY. All the men individually were paid the money?

Mr. HINKLEY. No, sir.

Mr. KENNEDY. You didn't form a picnic fund, tell the men——

Mr. HINKLEY. Yes, we formed it, but the grievances on the Noblesville thing were paid to the men.

Mr. KENNEDY. What was the picnic fund for?

Mr. HINKLEY. There were loads that were reported to me to have been delivered within the radius of 25 miles of Indianapolis by road drivers. We agreed that we would put that money in a picnic fund so that all employees would get the benefit of it.

Mr. KENNEDY. Who agreed on that? Do you mean instead of paying the individual grievances, you would put the money in a picnic fund?

Mr. HINKLEY. That is correct.

Mr. KENNEDY. Who agreed to that?

Mr. HINKLEY. Myself and my steward.

Mr. KENNEDY. What was your steward's name?

Mr. HINKLEY. Jay Williamson.

Mr. KENNEDY. Instead of paying the individual drivers their grievances, you put it in a picnic fund and then you said you would give them a picnic?

Mr. HINKLEY. Yes; because, you see, under the contract all of my men were working 8 hours a day and were not entitled to the money.

Mr. KENNEDY. Were what?

Mr. HINKLEY. Were not entitled to the money.

Mr. KENNEDY. They are entitled to the money under the grievance procedure?

Mr. HINKLEY. No, sir, as long as you are working every day.

Mr. KENNEDY. You are still entitled to your grievances. You are still entitled to your grievances, and more men could have been employed; isn't that correct?

Mr. HINKLEY. Possibly.

Mr. KENNEDY. How did you and your steward—under what terms of the contract do you and the steward have the right to settle the situation in that fashion?

Mr. HINKLEY. We like to settle things on a local basis.

Mr. KENNEDY. That is another situation, Mr. Chairman, where the contract is not being enforced.

Do you know why it was necessary in this particular case to—lock it up, take it home, but, whatever you do, don't let anyone get hold of it?

Mr. HINKLEY. No, sir.

The CHAIRMAN. It wasn't a rattlesnake, was it?

Mr. HINKLEY. Not quite.

Mr. KENNEDY. The true situation is that you knew it was in violation—that you were operating in violation of the contract; is it not? and you wanted to continue to do so?

Mr. HINKLEY. No, I didn't want to, Mr. Kennedy.

Mr. KENNEDY. Who wrote this note? Mr. Gotfredson?

Mr. HINKLEY. The initials are what?

Mr. KENNEDY. R. L. G.

Mr. HINKLEY. Mr. Robert L. Gotfredson.

Mr. KENNEDY. What is his position?

Mr. HINKLEY. Vice president of Trans-American.

Mr. KENNEDY. He evidently knew about it and wanted to keep it hushed up. Gotfredson; is that right?

Mr. HINKLEY. That is correct.

Mr. KENNEDY. That is all.

The CHAIRMAN. Are there any further questions?

Mr. HINKLEY. Mr. Kennedy, Mr. R. L. Gotfredson is the son of the president of Trans-American.

Mr. KENNEDY. And he is vice president?

Mr. HINKLEY. That is correct.

The CHAIRMAN. If there are no other questions, Mr. Hinkley—if you have any statements or explanations you want to make at this time, the committee will be glad to hear you; if you have anything to comment on.

Mr. CHAWKE. May the witness confer with counsel, please?

The CHAIRMAN. Yes, indeed.

(The witness conferred with his counsel.)

The CHAIRMAN. Let the record show the witness has conferred with counsel and advises us as follows: All right.

Mr. HINKLEY. What did you want from me, Mr. Kennedy?

The CHAIRMAN. I beg your pardon?

I don't want anything, except I gave you an opportunity if you had any explanation you wanted to make. Counsel asked for the opportunity to make explanation. I said before you left the witness stand, there are no further questions, did you have any explanation you wished to make at this time.

Mr. HINKLEY. No, sir; I have none.

The CHAIRMAN. Thank you very much.

Mr. KENNEDY. Before you leave, how much money went into the picnic fund?

Mr. HINKLEY. I don't recall, Mr. Kennedy. I would have to have the file.

Mr. KENNEDY. You what?

Mr. HINKLEY. I say I don't recall. I would have to have the file.

Mr. KENNEDY. Did you actually put any money into the picnic fund?

Mr. HINKLEY. Yes. We spent considerable money.

Mr. KENNEDY. Did you actually put the money in the picnic fund?

Mr. HINKLEY. We took the money to cover the expenses for the picnic.

Mr. KENNEDY. You gave everybody a picnic?

Mr. HINKLEY. Yes, we invited all of the drivers and their wives and their families, and we paid the bills.

Mr. KENNEDY. All of the company employees came to the picnic?

Mr. HINKLEY. Yes, sir.

Mr. KENNEDY. What year did you give them the picnic?

Mr. HINKLEY. In 1957.

Mr. KENNEDY. Thank you.

The CHAIRMAN. Thank you.

Call the next witness.

Mr. KENNEDY. Mr. Curtis, please.

The CHAIRMAN. Mr. Curtis, will you come around, please?

Do you solemnly swear that the evidence you shall give before this Senate Select Committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. CURTIS. I do.

TESTIMONY OF GILBERT K. CURTIS

The CHAIRMAN. State your name, your place of residence, and your business or occupation, please.

Mr. CURTIS. Gilbert K. Curtis, Indianapolis, Ind. I am a truck driver.

The CHAIRMAN. Do you waive counsel?

Mr. CURTIS. Yes, sir.

The CHAIRMAN. Are you the Mr. Curtis that we have been interrogating the previous witness about?

Mr. CURTIS. Yes, sir.

The CHAIRMAN. You were present and heard his testimony?

Mr. CURTIS. Yes, sir.

The CHAIRMAN. All right. Proceed.

Mr. KENNEDY. Now, you were employed as an over-the-road owner-operator with Trans-American Freight Lines?

Mr. CURTIS. Yes, sir.

Mr. KENNEDY. And operating out of Indianapolis, from 1953 to 1954; is that right?

Mr. CURTIS. Yes, sir. I think it was to 1955 and 1956.

Mr. KENNEDY. Right through 1957?

Mr. CURTIS. In 1957, I believe.

Mr. KENNEDY. 1953 to 1957?

Mr. CURTIS. Yes, sir.

Mr. KENNEDY. You submitted grievances in 1957 for layoff and breakdown time in excess of the 1½-cent agreement?

Mr. CURTIS. That is right.

Mr. KENNEDY. They totaled some \$1,800 or \$2,000?

Mr. CURTIS. Something around that.

Mr. KENNEDY. Did you get these grievances settled in the 10 days that is provided for under the contract?

Mr. CURTIS. No, sir.

Mr. KENNEDY. What happened?

Mr. CURTIS. I believe that the first grievances that I turned in, I got through the local unions. Those were small ones.

Mr. KENNEDY. Then what happened?

Mr. CURTIS. When I turned in the bigger one, why I didn't hear anything.

The CHAIRMAN. By grievances, you mean a claim for extra money as provided under the terms of the contract, money in addition to wages as such?

Mr. CURTIS. That is right.

The CHAIRMAN. You call it grievances, the same thing as submitting a claim. You say, "Well, I had this happen or that happen, and under the contract you owe me in addition to my wages, so much." That is what you mean by a grievance; is that correct?

Mr. CURTIS. That is right.

Mr. KENNEDY. You collected your first grievances, and what happened subsequently when you put in these other grievances for \$1,800 or \$2,000?

Mr. CURTIS. I turned those into the union hall and Mr. Hinkley got a copy.

Mr. KENNEDY. What happened after you turned them into the union hall?

Mr. CURTIS. They couldn't settle those at the local level. Local 135 couldn't do it.

Mr. KENNEDY. What did they tell you?

Mr. CURTIS. That they would have to go to Detroit.

Mr. KENNEDY. What happened then?

Mr. CURTIS. Mr. Fitzsimmons looked them over.

The CHAIRMAN. Pull that microphone up a little closer.

Mr. KENNEDY. For Mr. Frank Fitzsimmons to review them?

Mr. CURTIS. That is right.

Mr. KENNEDY. Did he arrange for you to collect your grievances?

Mr. CURTIS. He didn't.

Mr. KENNEDY. He did not?

Mr. CURTIS. No.

Mr. KENNEDY. What happened; did you hear from Mr. Fitzsimmons?

Mr. CURTIS. Nothing, only through our business agent.

Mr. KENNEDY. What did you you hear from your business agent?

Mr. CURTIS. That we could get a certain percent of it, and I don't know what percent it was.

Mr. KENNEDY. You don't remember what percentage it was?

Mr. CURTIS. No.

Mr. KENNEDY. Was that acceptable to you?

Mr. CURTIS. Well, I finally did settle for part of it.

Mr. KENNEDY. How much did you settle for? Was it some \$800?

Mr. CURTIS. I think the last one, when I turned in my resignation, I think that I got three checks, two of them for \$300 apiece, and one for \$200.

The CHAIRMAN. How much did your total amount come to?

Mr. CURTIS. I couldn't tell you without looking at my records.

The CHAIRMAN. Some \$1,800; is that in round figures correct?

Mr. CURTIS. I believe that would be close.

The CHAIRMAN. So you got about \$800 out of an \$1,800 claim; is that right?

Mr. CURTIS. I figured that would be better than nothing.

The CHAIRMAN. You thought it would be better than nothing?

Mr. CURTIS. That is right.

The CHAIRMAN. Why were you not settled with on the basis of the contract?

Mr. CURTIS. I don't know.

The CHAIRMAN. Who asked you to take the reduction?

Mr. CURTIS. Nobody asked me to take it. I believe that I did take one or two that were settled under what I had coming, that came from Detroit.

The CHAIRMAN. I am talking about this final settlement. You got a settlement of \$300 and \$300 and \$200, a total of \$800.

Mr. CURTIS. Mr. Hinkley came out to my house, and we sat down and went over these, and I told him that I would take the \$800 and forget it.

The CHAIRMAN. How long had your claim been pending?

Mr. CURTIS. I don't remember exactly.

The CHAIRMAN. Well, under the arrangement, was not your local lodge supposed to handle these grievances for you?

Mr. CURTIS. They are supposed to.

The CHAIRMAN. Who in the union is supposed to pursue this matter and get settlements for the union men with the employer?

Mr. CURTIS. Our business agent.

The CHAIRMAN. Who was your business agent?

Mr. CURTIS. Dick Dunninger.

The CHAIRMAN. Did he do anything to get it settled for you?

Mr. CURTIS. I think that he did all that he could do.

The CHAIRMAN. What was it that he could do or who stopped him from doing more?

Mr. CURTIS. All that I figured he could do was to turn them in and if there was anybody over him——

The CHAIRMAN. What I am trying to find out did the union do its duty and did those officers actually pursue it and try to get your money for you?

Mr. CURTIS. I don't know.

The CHAIRMAN. How long was it after you submitted the claim before you finally took the \$800?

Mr. CURTIS. I imagine from 6 to 8 months, the best I can remember.

The CHAIRMAN. From 6 to 8 months?

Mr. CURTIS. Yes, sir.

The CHAIRMAN. Were the union officers whose duty it was to follow it up and try to get your money, were they active and were they doing anything to try to get your money and reporting to you as to their efforts?

Mr. CURTIS. He showed me a letter that he had from Fitzsimmons, that he had turned them in to him.

The CHAIRMAN. Well, they had turned them into Fitzsimmons. Now, Fitzsimmons was supposed to follow up and settle with you, and get your settlement?

Mr. CURTIS. That is the way I understood it.

The CHAIRMAN. And Fitzsimmons was in Detroit?

Mr. CURTIS. That is correct.

The CHAIRMAN. And yet you were working for an Indianapolis firm?

Mr. CURTIS. I was working out of Indianapolis.

The CHAIRMAN. Out of Indianapolis?

Mr. CURTIS. Yes, sir.

The CHAIRMAN. Why would you have to go to Detroit, then, to get a settlement?

Mr. CURTIS. I don't know.

The CHAIRMAN. That wasn't your union. Your union, the headquarters weren't in Detroit?

Mr. CURTIS. It was my argument all of the time.

The CHAIRMAN. You were arguing that you ought to settle it there where you did the work and where the headquarters of your company was?

Mr. CURTIS. That is what I thought.

The CHAIRMAN. And where your union was located?

Mr. CURTIS. That is what I thought.

The CHAIRMAN. And they were sending the matter from Indianapolis out to Detroit and Fitzsimmons was handling it?

Mr. CURTIS. That is right.

The CHAIRMAN. And he got no results for you?

Mr. CURTIS. If he did, I didn't see any of it.

The CHAIRMAN. Can't you say he did or didn't? You got no results from his efforts, did you?

Mr. CURTIS. No.

The CHAIRMAN. All right.

Mr. KENNEDY. And actually, while you finally settled, it was because the company was laying off the drivers that had less seniority than you; isn't that correct?

Mr. CURTIS. That is right.

Mr. KENNEDY. In order to get to you?

Mr. CURTIS. Yes, sir.

Mr. KENNEDY. You knew these people were going to lose their jobs and so finally you made a settlement with the company and took \$800 and resigned.

Mr. CURTIS. Two or three other drivers told me that Mr. Hinkley told them if they could talk me into the mood to quit, he would stop that laying off.

Mr. KENNEDY. You mean drop your grievances?

Mr. CURTIS. If I just resigned.

Mr. KENNEDY. Quit your job?

Mr. CURTIS. That is right.

Mr. KENNEDY. That he would stop laying them off?

Mr. CURTIS. That is right.

Mr. KENNEDY. So you went in and you agreed to quit?

Mr. CURTIS. That is right.

Mr. KENNEDY. And he made the settlement and gave you a letter of recommendation?

Mr. CURTIS. That is right.

Mr. KENNEDY. When you talked about whether the union followed up and handled your grievances, the local union, as far as you know, did what they could, local 135?

Mr. CURTIS. That is what I mean; yes.

Mr. KENNEDY. But as they explained it to you, the final say on this was going to be made out of Detroit, with Frank Fitzsimmons?

Mr. CURTIS. That is what I was told.

Mr. KENNEDY. When you are talking about union officers, you are separating the ones for your own local union who, as far as you know, did what they could to try to collect?

Mr. CURTIS. That is right.

Mr. KENNEDY. From Mr. San Soucie's local, and they did attempt to collect, but then it had to go through Detroit and there is where it broke down?

Mr. CURTIS. That is right.

Mr. KENNEDY. And there the word came back to you that you would have to accept a certain percentage?

Mr. CURTIS. That is right.

Mr. KENNEDY. Did you find as a general practice among the drivers that they could not collect their grievances?

Mr. CURTIS. No; I would say that they had quite a few grievances that were never settled.

Mr. KENNEDY. They were never settled?

Mr. CURTIS. No.

Mr. KENNEDY. They were just sent up there and they would have to take a certain percentage or take nothing?

Mr. CURTIS. Some of the boys didn't want to lose their job and so they wouldn't press them.

Mr. KENNEDY. Did you understand it is common information and knowledge that when you put your grievances in and tried to press them that you would lose your job?

Mr. CURTIS. That is correct.

Mr. KENNEDY. Wasn't there general dissatisfaction with this 1½-cent agreement that was made?

Mr. CURTIS. You would lose around \$2,000 a year.

The CHAIRMAN. You mean that you lost \$2,000 a year under what you had been getting under the previous contract?

Mr. CURTIS. Between the 1½-cents and the union contract.

Mr. KENNEDY. Perhaps I could clear it up.

As we pointed out yesterday, Mr. Chairman, under the contract they were to be paid for layover time and vacations and holidays and the other fringe benefits. Then an agreement was made between Mr.

Hoffa and the officials of this company that in lieu of all of those fringe benefits the driver would receive a cent and a half for each mile. There was also the provision in the contract that if the driver found that he would make more under the regular contract, he could put in a grievance and collect the difference. He could collect under the old contract rather than under the cent and a half.

We have found from testimony of this witness and the testimony that we will have, as well as the testimony that we had this morning, that when the driver put in for his grievance, if he found that he would have made more under the regular contract, that in the first place they wouldn't pay him, the company would not pay him the grievance, or they would offer him only a small percentage of the grievance.

No. 2, that the drivers were harassed and were threatened with the loss of their jobs if they put in their grievances.

The result was that the membership would rather take the cent and a half and go along with that and not take the chance that they were going to lose their jobs if they put in a grievance.

The CHAIRMAN. Do I understand that this arrangement was all made after the contract had been entered into providing for these fringe benefits?

Mr. KENNEDY. No; this was made at the same time. We will be going into another contract which was made after the original contract, but this arrangement with Mr. Gotfredson was made at the same time. It was different from the contract that most of the carriers received.

Now, either late this afternoon or tomorrow we will be going into some carriers who made the agreement with Mr. Hoffa subsequently about the cent and a half. We have now had a couple of driver and we will be having some more to show what the effect was in their particular area. We plan then to go to some Teamster officials, as to their opposition to it.

The CHAIRMAN. You just spoke a moment ago about losing \$2,000. In other words, under the cent-and-a-half arrangement you would make around \$2,000 less each year than you would have under the other?

Mr. CURTIS. That is right.

The CHAIRMAN. And it was for that difference that you were putting in these claims or grievances; is that right?

Mr. CURTIS. That is right.

The CHAIRMAN. And because you were putting in these grievances, you were not being settled with and they were undertaking to lay off those with less seniority than you so that they could get up to you to lay you off; is that correct?

Mr. CURTIS. That is correct.

The CHAIRMAN. And they were telling them that if they could get you to just resign, get out of the way, they would not be laid off?

Mr. CURTIS. That is correct.

The CHAIRMAN. That is the way it was operated. So finally, on the basis of these notes made here, they would give you a letter of recommendation, and \$600 or \$800, whatever it was, to settle your claim for about 40 cents on the dollar, you would go ahead and resign and not cause your fellow workers any trouble?

Mr. CURTIS. That is right.

The CHAIRMAN. That is what you did?

Mr. CURTIS. That is exactly what I did.

The CHAIRMAN. You did it for that reason?

Mr. CURTIS. For that reason.

Now, something else: On some of the testimony of Mr. Hinkley that I was being late with freight, in other words, leaving Indianapolis and getting on the other end late, I do not think he has any record where I ever done that.

The CHAIRMAN. Where what?

Mr. CURTIS. I don't think he has any record where I ever was late with freight.

The CHAIRMAN. In other words, you claim you operated on schedule?

Mr. CURTIS. That is right.

The CHAIRMAN. Unless there was actually a breakdown.

Mr. CURTIS. That is right.

The CHAIRMAN. Well, I guess you do have a breakdown occasionally, don't you?

Mr. CURTIS. Well, I have laid 10 or 12 hours waiting for them to bring me a tire for their trailer 35 miles out of town.

The CHAIRMAN. Well, I mean, those are the things that normally happen.

Mr. CURTIS. That is right.

The CHAIRMAN. No one is to blame for it. It is just part of the hazards incident to the operation.

Mr. CURTIS. That is correct.

The CHAIRMAN. But so far as delays through negligence, carelessness, or inefficiency on your part, not doing your job, you say they have no complaint about that?

Mr. CURTIS. No. I couldn't afford to. I had a \$12,000 truck. I couldn't afford to. I was trying to make payments on it.

The CHAIRMAN. You were trying to make payments on your truck?

Mr. CURTIS. That is right.

The CHAIRMAN. It was as much to your interest to get there on time?

Mr. CURTIS. It was all to my interest to get there and get back.

Senator CURTIS. Mr. Chairman?

The CHAIRMAN. Senator Curtis.

Senator CURTIS. You were an owner-operator, were you?

Mr. CURTIS. That is correct.

Senator CURTIS. Were you an employee, then, of the Trans-American Freight Lines?

Mr. CURTIS. Yes, sir.

Senator CURTIS. What did the owner-operator situation amount to there?

Mr. CURTIS. About the only way I could figure it is you bought a job. You bought a truck and they put you to work driving it.

Senator CURTIS. Weren't you an independent contractor?

Mr. CURTIS. In a sense of the word, yes. They leased the truck and hired you as a driver. They didn't put somebody else on it unless you wanted them to.

Senator CURTIS. They leased the truck and you drove your own truck?

Mr. CURTIS. Right.

Senator CURTIS. Did you drive for wages or for a portion of the freight?

Mr. CURTIS. You drove for wages, so much a mile.

Senator CURTIS. For so much a mile?

Mr. CURTIS. Correct.

Senator CURTIS. Did they have other drivers that were employees?

Mr. CURTIS. They had other drivers that drove their own tractors.

Senator CURTIS. Did they have any that didn't have their own tractors?

Mr. CURTIS. Yes, they had a few that drove for other brokers.

Senator CURTIS. But you were all covered by the same contract with the Teamsters?

Mr. CURTIS. Yes. Supposed to be.

Senator CURTIS. What was the purpose of this owner-operator arrangement?

Mr. CURTIS. I think—my idea would be that an owner-operator would take a lot better care of his tractor than a company driver would with one of theirs.

Senator CURTIS. And he was paid on a mileage basis rather than an hourly basis?

Mr. CURTIS. Yes. He was supposed to be paid hourly wages for any dropoffs or pickups that he made, but they didn't do that.

Senator CURTIS. That is all.

Mr. KENNEDY. Could I point out again, Mr. Chairman, that the great significance of this is in connection with the grievance procedure. The contract with Trans-American states specifically that the dispute or grievance arising out of operations under this agreement in the territory as outlined in the master agreement are to be referred to the Central States Drivers Council in writing, and after such reference shall be handled under the usual procedure by representatives of the company and the Central States Drivers Council.

That is a different grievance procedure from what anyone else had. Ordinarily it would have to go to the State level and then go up to the Central States Drivers Council.

So Trans-American had a different grievance procedure, and this grievance procedure, which is the heart of the contract, was never submitted to the membership. It is merely initialed by James R. Hoffa. That is number one.

The second thing is that even this grievance procedure was not followed, because, as the executives of the company admitted yesterday, and as we have seen from these witnesses, instead of submitting it to the Central States Drivers Council in writing, it went right from the local union up to Frank Fitzsimmons and Rolland McMaster in Detroit, who had nothing to do with this at all. They were local officers of Mr. Hoffa's local.

So this is a gross violation of the contract, known to Mr. Hoffa, known to the top Teamster officials, and the results were, as we have seen today, that the drivers did not have their grievances processed and did not receive adequate representation by the union.

The CHAIRMAN. Do you feel that when you settled for \$800 you actually settled for far less than was due you under the contract?

Mr. CURTIS. I think so, yes.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. That is all.

The CHAIRMAN. Thank you very much.

Call the next witness.

Mr. KENNEDY. I would like to call Mr. Sheridan, Mr. Chairman, to summarize some of the other known violations of the contract.

This, again, is on Mr. Hoffa's statement that he has the best contracts, and contracts depend upon how well they are enforced.

We have shown, No. 1, that they are not the best contracts, and today and tomorrow we will show that even those contracts are not being enforced.

I would like to have Mr. Sheridan just give you some of the most obvious violations of the contracts which are known to the top Teamster officials.

TESTIMONY OF WALTER J. SHERIDAN—Resumed

The CHAIRMAN. Proceed.

Mr. SHERIDAN. There was a question yesterday, first of all—there was a question of whether the leasing arrangement between the company and the individual owner-operators was actually in violation of the agreement.

The way the arrangement works is that Trans-American leases the equipment through a corporation which they wholly owned called Highway Vehicles. This has the result of removing the owner-operator out from under the contract, whereas actually this is a violation of the contract in itself because the contract provides that they shall not set up third party devices for schemes in any way to get out of paying the owner-operators what is due to them.

Mr. KENNEDY. What happens is that under the contract the owner-operators are to be paid a certain amount; correct?

Mr. SHERIDAN. That is correct. They are to be paid a certain amount in wages and a certain amount for rental of their equipment, according to the contract.

Mr. KENNEDY. What Trans-American has done is set up a third party, which is a leasing arrangement?

Mr. SHERIDAN. That is correct.

Mr. KENNEDY. What is it called?

Mr. SHERIDAN. Highway Vehicles, Inc.

Mr. KENNEDY. So the owner-operators now work for Highway Vehicles, Inc.?

Mr. SHERIDAN. Yes.

Mr. KENNEDY. And, therefore, the company claims, Trans-American now claims, that these drivers don't actually work for them, so, therefore, the contract does not have to be enforced?

Mr. SHERIDAN. In effect, that is what they are saying.

Mr. KENNEDY. Actually, this is a wholly owned subsidiary?

Mr. SHERIDAN. That is correct.

Mr. KENNEDY. Doesn't it stipulate in the contract that this kind of an arrangement is prohibited?

Mr. SHERIDAN. Yes.

Mr. KENNEDY. What article?

Mr. SHERIDAN. Several articles.

Article 1, section 4. It is understood by this section that parties hereto shall not use any leasing device to a third party to evade this contract.

* * * * *

Article 6, section 2. The employer agrees not to enter into any agreement or contract with employees, individually or collectively, which in any way conflicts with the terms and provisions of this agreement. Any such agreement shall be null and void.

* * * * *

Article 32, section 16. It is further agreed that the intent of this clause and this entire agreement is to assure the payment of the union scale of wages as provided in this agreement, to prohibit the making and carrying out of any plan, scheme, or device to circumvent or defeat the payment of wages and scales provided in this agreement.

Mr. KENNEDY. Do we find that in fact these owner operators are not paid union scale?

Mr. SHERIDAN. Yes; we do.

Mr. KENNEDY. Would you just give us that?

Mr. SHERIDAN. Yes. For the rental of their equipment, they are supposed to be paid on a graduated basis from 10¼ to 14½ cents, depending on the weight of the load.

The minimum weight being 23,000 pounds.

What the company is doing is paying 12½ cents flat rate, which, depending on the weight, may or may not come up to the contract.

In addition to that, in dead-heading; that is, pulling an empty load—

Mr. KENNEDY. In other words, the driver under the contract can get paid more than 12½ cents, while under the arrangement that Trans-American has they cannot possibly get paid more than 12½?

Mr. SHERIDAN. That is correct. On dead-heading, pulling an empty load, they are supposed to be paid 75 percent of the contract rate which, of course, they are not paying anyway, for the entire load. But Trans-American has a special arrangement with their owner-operators which they make their owner-operator sign which provides that they will only be paid the 75 percent for the first 50 miles.

Here is an example of one of those agreements.

The CHAIRMAN. That may be made exhibit No. 69.

(Agreement referred to was marked "Exhibit No. 69" for reference, and will be found in the appendix on p. 19506.)

Mr. KENNEDY. When this cent and a half was first considered in 1955, Mr. Hoffa stated that there was, as you pointed out yesterday in the minutes that were taken, great opposition by the union membership to the cent and a half arrangement?

Mr. SHERIDAN. It actually said that the majority of the locals were opposed to it.

Mr. KENNEDY. He stated at that time that there would be another meeting, that they would try it out for a period of 90 days and there would be another meeting in 90 days?

Mr. SHERIDAN. In 12 weeks, yes.

Mr. KENNEDY. And they would then take up with the local membership whether they wanted to keep the cent and a half or not?

Mr. SHERIDAN. That is true.

Mr. KENNEDY. Do we find that another meeting was called in 12 weeks?

Mr. SHERIDAN. Another meeting was never held.

Mr. KENNEDY. They never held another meeting to get the ratification by the union members of the cent and a half?

Mr. SHERIDAN. That is correct.

Mr. KENNEDY. So the membership never ratified this cent and a half arrangement in 1955?

Mr. SHERIDAN. No, they didn't.

Mr. KENNEDY. This was true not only for Trans-American but some other companies who received this right?

Mr. SHERIDAN. That is correct.

(At this point Senator Ervin entered the hearing room.)

Mr. KENNEDY. The membership was assured they would have the right to keep their bid runs?

Mr. SHERIDAN. They were assured they would be able to keep their bid runs under any circumstances. This was a big point that both Mr. Hoffa and Mr. Gotfredson made at that time.

Mr. KENNEDY. Have we found in fact that the membership has had to give up their bid runs?

Mr. SHERIDAN. They are currently giving them up.

Mr. KENNEDY. In order to get the new Mack trucks, they have to agree to run the whole system?

Mr. SHERIDAN. Yes.

Mr. KENNEDY. Which means they might not get home again for 3 or 4 weeks?

Mr. SHERIDAN. That is correct.

(At this point Senator Curtis withdrew from the hearing room.)

The CHAIRMAN. All right. Call the next witness.

Mr. KENNEDY. Mr. Young and company, Mr. Mead, Mr. Schulz, Mr. Frobe, Mr. Eichhold.

The CHAIRMAN. Those of you whose names have been called, raise your right hand and be sworn.

Do you and each of you solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SCHULZ. I do.

Mr. FROBE. I do.

Mr. YOUNG. I do.

Mr. MEAD. I do.

Mr. EICHHOLD. I do.

TESTIMONY OF WALTER SCHULZ, OTTO H. FROBE, JAMES YOUNG, JOHN W. MEAD, SR., AND LOUIS A. EICHHOLD, ACCOMPANIED BY COUNSEL, BENJAMIN GETTLER

The CHAIRMAN. All right. Beginning on my left, will you identify yourself by stating your name, your place of residence, and your business or occupation, please, sir?

Mr. YOUNG. My name is James Young. I am a business representative for local 100 in Cincinnati, Ohio. I reside in Cincinnati, Ohio, also.

The CHAIRMAN. Thank you. The next witness?

Mr. SCHULZ. Walter Schulz, president of local 100. I reside in Cincinnati, Ohio; business representative since 1942, a member for

some 30 years of the Teamsters Union, and president since November 29, 1958.

The CHAIRMAN. Thank you.

And the next one on my right?

Mr. MEAD. John W. Mead, Sr., 3642 West Liberty Street, Cincinnati, Ohio, business agent for Teamsters Local 100 for about 13½ years.

The CHAIRMAN. Thank you, sir.

Beginning on my left in the rear row, state your name, place of residence, and business or occupation, please.

Mr. EICHOLD. My name is Louis A. Eichhold, 1233 Carson Avenue, Cincinnati; secretary-treasurer of Local 152, Beverage Drivers.

The CHAIRMAN. And the next witness?

Mr. FROBE. Otto H. Frobe, secretary-treasurer of local 100, Cincinnati, Ohio.

The CHAIRMAN. Gentlemen, do you have counsel? You have the same counsel, all of you? The same attorney represents all of you.

Mr. Counsel, identify yourself for the record, please.

Mr. GETTLER. My name is Benjamin Gettler, attorney at law, 1505 Fountain Square Building, Cincinnati, Ohio.

The CHAIRMAN. Thank you very much.

Proceed, Mr. Kennedy.

Mr. KENNEDY. What I would like to discuss with you gentlemen is this situation regarding the cent and a half arrangement that was made by Mr. Hoffa with some of the truckowners. I would like to find out from you what the effect has been in your local area, and what the attitude of the rank and file membership is to the cent and a half, and what the difficulties or problems, if any, have been.

I believe, Mr. Young, you were an over-the-road truckdriver for Trans-American Freight Lines; is that correct?

Mr. YOUNG. Right; for 13 years.

Mr. KENNEDY. For 13 years?

Mr. YOUNG. Yes, sir.

Mr. KENNEDY. The whole period of time, 13 years with Trans-American?

Mr. YOUNG. Yes, sir.

Mr. KENNEDY. And you were steward, were you?

Mr. YOUNG. For 9½ years.

Mr. KENNEDY. When did you first hear about the situations in connection with the cent and a half, Mr. Young?

Mr. YOUNG. February 1, 1955.

Mr. KENNEDY. And what did you first hear about it? Could you tell us?

Mr. YOUNG. That the company had made a proposal to eliminate all the fringe pay and put in effect this contract for a cent and a half a mile in addition to the regular wages.

Mr. KENNEDY. What was the attitude of the membership toward it at that time?

Mr. YOUNG. It was very poor. In fact, in Cincinnati, on the night of February 1, when this went into effect, we had a wildcat strike at our terminal.

Mr. KENNEDY. How did it start, the wildcat strike?

Mr. YOUNG. It started under my direction.

Mr. KENNEDY. Did you receive a telephone call prior to starting the strike?

Mr. YOUNG. Yes, sir. I received a telephone call from the steward of local 299 in Detroit, asking me what action we were taking in view of the fact that we were getting this forced on us.

Mr. KENNEDY. That is local 299, which is Mr. Hoffa's own local?

Mr. YOUNG. That is right.

Mr. KENNEDY. Was he opposed to it?

Mr. YOUNG. Yes, sir.

Mr. KENNEDY. Everybody was opposed to it; is that right?

Mr. YOUNG. Yes, sir.

Mr. KENNEDY. So you went out on strike. What was the next event? What happened then?

Mr. YOUNG. I think we were out about 4 or 5 days in Cincinnati, and due to our opposition to it in the Cincinnati local, there was a meeting set up in Detroit, I think it was February 13, 1955, in the company offices, with Mr. Dennis and Mr. Gotfredson and Mr. Hoffa.

Mr. KENNEDY. It had actually gone into effect on February 1st?

Mr. YOUNG. Yes, sir.

Mr. KENNEDY. Had the membership approved of it before?

Mr. YOUNG. They never have to this day.

Mr. KENNEDY. Had you known that this was going to go into effect?

Mr. YOUNG. Yes, sir.

Mr. KENNEDY. Had you known anything about the cent and a half up until the time it was instituted?

Mr. YOUNG. We knew that there was a proposal by the company to the union.

Mr. KENNEDY. Had you known that Mr. Hoffa had agreed to it?

Mr. YOUNG. No, sir.

Mr. KENNEDY. And the membership—it had never been put before the membership to determine whether they would approve of it; is that right?

Mr. YOUNG. That is correct.

Mr. KENNEDY. So you went to the meeting on February 13th?

Mr. YOUNG. That is right.

Mr. KENNEDY. Would you relate what happened at the meeting?

Mr. YOUNG. Well, there was an address by Mr. Gotfredson and also by Mr. Hoffa. I think you have some notes of the meeting. They are not the actual minutes. Mr. Frobe attended the meeting as a representative of local 100 with me.

Mr. KENNEDY. And he took some notes?

Mr. FROBE. He took the notes and that is transcribed there, that you have.

Mr. KENNEDY. Mr. Chairman, that was made an exhibit yesterday.

The CHAIRMAN. Do you remember the exhibit number?

Mr. KENNEDY. We have the exhibit from yesterday.

There was a discussion, according to these notes, and at this point Brother Hoffa read Gotfredson's proposed agreement which included a cent and a half per mile above the Central States drivers' agreement, in lieu of hotels, holidays, vacations, et cetera.

He further stated that most of the locals had turned down the company's proposal, but he didn't know why they turned it down. He

told the men that anyone who cared to do so could speak to the matter, with the understanding that they talk one at a time, but when Gotfredson came in they would not talk, because by so doing a man might hurt himself.

What was agreed to at that meeting?

Mr. YOUNG. It was agreed—I think the minutes are incorrect or the supposition heretofore. I think at that time there were three 21-day periods which was later corrected to three 28-day periods, and then we would have a return meeting in Detroit.

This meeting was attended by the members, by the representatives, and the stewards, from 22 locals involved, I believe, and every man was instructed to go back to his home local and tell the men to keep adequate records, to get a book and keep track of everything.

If, under this contract, they did not receive their proper wages, we would be back in Detroit in 3 months, or approximately 90 days, and we would have our discussion and be able to turn it down. The company would return to the regular contract.

The CHAIRMAN. In other words, they let them put it into effect tentatively, subject to trial?

Mr. YOUNG. That is right, sir.

The CHAIRMAN. And you would have another meeting at the end of approximately 3 months and then determine whether you would accept or reject the proposal?

Mr. YOUNG. That is right, sir.

The CHAIRMAN. All right.

Mr. KENNEDY. So you went back to Cincinnati thereafter?

Mr. YOUNG. Yes, sir.

Mr. KENNEDY. You were also assured at this meeting by Mr. Hoffa that you would be able to keep your bid runs if you accepted this proposal?

Mr. YOUNG. That was definite. There would be no—I think his words were that definitely the drivers of Trans-American would not be made gypsies of, we would not return to the levels of the depression in the trucking industry, and the men were definitely not to give up their bid runs.

Mr. KENNEDY. Mr. Hoffa was pushing the proposal for the cent and a half, was he not, at this meeting?

Mr. YOUNG. I agree with that; yes, sir.

Mr. KENNEDY. He was?

Mr. YOUNG. Yes, sir.

Mr. KENNEDY. You went back and you kept these books and records. Did you have another meeting after the three 28-day periods?

Mr. YOUNG. No, sir.

Mr. KENNEDY. Have you had a meeting up to this date?

Mr. YOUNG. I think at the opening of the wage clause of the contract in February 1958, I submitted to the international president and to Mr. Mike Healy a copy of a petition by a majority of the company drivers of Trans-American requesting that we be returned to our regular contract.

The CHAIRMAN. That was 1958?

Mr. YOUNG. That is right. That contract originally was for 6 years, from February 1, 1955, until February 1, 1961, with a wage opening clause in 1958.

The CHAIRMAN. What time in 1958?

Mr. YOUNG. February 1, 1958.

Mr. KENNEDY. Did anybody approach Mr. Hoffa and request that a meeting be held?

Mr. YOUNG. Do you mean prior to 1955? I mean prior to 1958?

Mr. KENNEDY. Yes.

Mr. YOUNG. Yes; I do not know. I have been told. I do not know that for sure.

Mr. KENNEDY. By whom were you told? By another Teamster official?

Mr. YOUNG. By other members of different locals.

Mr. KENNEDY. What did they say the response was?

Mr. YOUNG. That they were told that he ran the international, and that he would arrange the meeting when he felt there was a need for one.

Mr. KENNEDY. But he never called a meeting?

Mr. YOUNG. No, sir.

Mr. KENNEDY. Was there dissatisfaction amongst the drivers?

Mr. YOUNG. Yes, sir.

Mr. KENNEDY. Was this dissatisfaction just in your area, or was the dissatisfaction widespread?

Mr. YOUNG. In the entire Central States area where this contract affects.

Mr. KENNEDY. Did you put in grievances?

Mr. YOUNG. Yes, sir; we did.

Mr. KENNEDY. Did you have any difficulty collecting the grievances?

Mr. YOUNG. At the first, when Mr. Fitzsimmons handled the grievances, we were very fortunate. We were slow in getting them, but we did get all of our settlements to our local. But since Mr. McMasters has taken over, since Mr. Hoffa came to Washington, we don't get anything now.

Mr. KENNEDY. You never get your grievances settled?

Mr. YOUNG. No, sir.

Mr. KENNEDY. You spoke about this January meeting in 1958, and you said you had a petition.

Mr. YOUNG. I mailed a copy of the petition, which I am sure you have.

Mr. KENNEDY. Who was the petition from?

Mr. YOUNG. From the drivers, the company drivers, and there are a few owner-operators who signed it.

Mr. KENNEDY. Were those company drivers and owner-operators just in the Cincinnati area?

Mr. YOUNG. No, sir; for the the entire Central States area of Trans-American.

Mr. KENNEDY. Isn't it a fact that this petition has the names of all of the drivers for Trans-American from Mr. Hoffa's own local 299?

Mr. YOUNG. Yes, sir; it does.

Mr. KENNEDY. All of them petitioning to him to have this cent and a half changed?

Mr. YOUNG. Yes, sir.

The CHAIRMAN. I hand you what appears to be a photostatic copy of that petition, together with two letters, one from you to Mr. Hoffa,

dated January 13, 1958, and the other from you to Mr. Hoffa dated January 27, 1958.

I ask you to examine these documents and state if you identify them as photostatic copies of the originals about which you have testified. (The documents were handed to the witness.)

Mr. YOUNG. That is right, sir.

The CHAIRMAN. The letters and the petition may be made exhibit No. 70. Make the petition exhibit No. 70, and the letters exhibits 70A and 70B in the order of their dates.

(Documents referred to were marked "Exhibits Nos. 70, 70-A, and 70-B" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. Could I read the letter, Mr. Chairman?

The CHAIRMAN. You may.

Mr. KENNEDY. It is to Mr. James Hoffa.

DEAR SIR AND BROTHER—

Mr. SALINGER (reading) :

I am writing to you in reference to our over-the-road contract with Trans-American Freight Lines.

As you know, we have repeatedly voiced our objections to the cent and a half arrangement with this company and we have been assured that when the present negotiations are concluded we would be out from under this cent and a half business and would operate under the standard contract.

It is my understanding that at the meeting at Chicago last week, Trans-American refuse to operate under the contract, stating that they have paid quite a sum of money out, over and above what it would cost them under the regular agreement, and that they wished to give this amount of money to the men.

I cannot believe this to be a fact, inasmuch as we have continually had claims against the company for the past 3 years and have found out that, although there are rumors that some people seem pleased with it, insofar as I can learn there is a great deal of dissatisfaction on the part of both company drivers and owner-drivers with the cent and a half arrangement.

I am enclosing copies of petitions signed by both company drivers and owner-operators who are very much opposed to the cent and a half arrangement. These petitions were gotten up by me at the request of these drivers and their signatures were given willingly. I still have the originals; therefore, we would like for you to place us under the regular Central States loads contract under which competitors of Trans-American are operating.

Thank you sincerely for your efforts. I am

Fraternally yours,

JAMES YOUNG.

Mr. KENNEDY. Does this petition encompass some 98 percent of the company drivers?

Mr. YOUNG. I would say very close to it, sir.

Mr. KENNEDY. Of all of Trans-American?

Mr. YOUNG. It has been some time. I don't remember how many company drivers' names are on there, but I am sure it is well in the nineties.

Mr. KENNEDY. As well as some drivers who were on a contract basis?

Mr. YOUNG. That is right, sir.

Mr. KENNEDY. What was the result of that? You sent the petition up. What was the result?

Mr. YOUNG. From there on, I would like to turn that over to Mr. Mead. He attended the meeting they had in Detroit and I didn't. That is one meeting I didn't attend, so I can't answer.

The CHAIRMAN. All right, Mr. Mead, you may answer.

Mr. MEAD. Shortly after this letter with the petitions was sent to Mr. Fitzsimmons in Detroit, a telegram was sent to all local unions involved, asking them to come to Detroit, agents only, to talk about the Trans-American petitions.

The CHAIRMAN. Agents only meaning business agents?

Mr. MEAD. Business agents only; yes. They specified it in the telegram.

Walter Schulz, who is now our president, and who was then an agent, accompanied me to Detroit, and the petitions were discussed. Some business agents stated, "Well my men didn't sign anything like that," but their attention was called to the fact that there were papers sitting there with their men's names on them.

There was quite a bit of discussion on it, and the agents from different locals stated, "My men don't want this. My men don't want that." So then we asked we be given strike sanction against Trans-American if they did not comply with the regular contract instead of the cent and a half.

We were told it would be referred to the 24-man board of the Central States Drivers Council. We went home with that. The next we knew was we had received a telegram stating that Central States Drivers Council had granted strike sanction but it was subject to the approval of Mr. Frank Fitzsimmons.

I have to rack my brain for this, because I didn't get to talk to the investigators in Cincinnati when they were in and I didn't know what I would be asked. So I might be a little bit slow at this. Anyhow—

Mr. KENNEDY. Did you receive a letter from Frank Fitzsimmons, or a telegram?

Mr. MEAD. A telegram stating that they would grant it.

Mr. KENNEDY. First you received a letter from Frank Fitzsimmons, I believe.

Mr. MEAD. We were in Detroit at a meeting and we were told at that meeting that it would be referred to the 24-man board, and we received a telegram from the 24-man board stating that the strike sanction was granted, but it was subject to the approval of Frank Fitzsimmons.

Mr. KENNEDY. Then you got the letter from Frank Fitzsimmons?

Mr. MEAD. Yes.

The CHAIRMAN. Here is a photostatic copy of the letter, I assume. Will you examine it and state if you identify it?

(The document was handed to the witness.)

The CHAIRMAN. Is that the photostatic copy of the letter?

Mr. MEAD. Yes.

The CHAIRMAN. It may be made exhibit No. 71.

(Letter referred to was marked "Exhibit No. 71" for reference and will be found in the appendix on p. 19507.)

The CHAIRMAN. We will proceed.

Mr. KENNEDY. Then subsequently, you got the telegram; is that right?

Mr. MEAD. That is right.

The CHAIRMAN. I hand you here a photostatic copy of a telegram from Einar Mohn, dated February 7. Will you examine it and state if that is a copy of the original you received?

(The document was handed to the witness.)

Mr. MEAD. That is correct.

The CHAIRMAN. It may be made exhibit 71-A.

(Telegram referred to was marked "Exhibit 71-A" for reference and will be found in the appendix on p. 19508.)

The CHAIRMAN. We will proceed.

Mr. KENNEDY. Now, the letter on February 4, signed "Frank Fitzsimmons," we will have read the pertinent parts.

Mr. SHERIDAN. This is a letter dated February 4, 1958, from Frank Fitzsimmons to local 100.

Mr. KENNEDY. Perhaps you can summarize it.

Mr. SHERIDAN. It states rather than having a strike, it acknowledges that the strike sanction has been given, and then he said, "However, we are going to try this procedure," and the procedure was that Mr. Dennis, the vice president of the company, and Mr. McMaster, the business agent for local 299, would make a tour of the various terminals of the company to re-discuss the matter with the people who had signed the petition.

The CHAIRMAN. Is that the same McMaster who has testified here or appeared as a witness and took the fifth amendment?

Mr. MEAD. Yes, sir; I would say it is. There is only one Rolland McMaster in the Teamsters Union in local 299.

The CHAIRMAN. He had some business enterprises and association with Mr. Hoffa, also?

Mr. MEAD. That is something that I cannot say.

Mr. KENNEDY. Mr. Chairman, we have found that he had some interests in trucking businesses at the same time he was a Teamster Union official. I know of no financial transactions.

The CHAIRMAN. I withdraw that remark then.

I knew that he had some connection here that was a conflict of interest. That is what it amounts to.

Mr. KENNEDY. That is correct.

The CHAIRMAN. Proceed.

Mr. KENNEDY. You got the strike sanction; Einar Mohn confirmed the fact that you were going to have strike sanction. Mr. Fitzsimmons then wrote and said that "rather than going out on strike, we are going to follow this other procedure. We are going to send down an official of the company and send down Rolland McMaster to see if it can't be straightened out," and they came down. What was the result of that?

Mr. MEAD. Well, I think we were one of the last ones they visited, because at the meeting in Detroit Mr. Fitzsimmons sort of emphasized the fact that the petitions had been circulated and the letter had been sent by Mr. Young and asked if I knew about it. I said, "I certainly do know about it."

I had talked to several at different times and said that our people were dissatisfied, and I wondered how we could go along accepting something which our people didn't want. Votes were taken in Cincinnati on this matter at our own local union, and it was turned down 100 percent by the membership, that attended the meeting.

The CHAIRMAN. You mean in Mr. Hoffa's union?

Mr. MEAD. Local 100; in our union.

The CHAIRMAN. You had taken a vote of the membership?

Mr. MEAD. We took a vote on the cent and a half Trans-American on the same date that they voted on the regular Central States contract.

The CHAIRMAN. Was that while it was under this trial run?

Mr. MEAD. This was previous to that.

The CHAIRMAN. Prior to the trial run?

Mr. MEAD. But then they agreed on the trial run and in regard to that trial run, I will say this: I asked later on why another meeting wasn't held as had been promised in Detroit and the answer given to me by Mr. Fitzsimmons, was that no local had complained.

Now, we had been filing grievances and I couldn't see why filing grievances wasn't a complaint. Maybe I am a little bit wrong in my job and I don't know how I stayed here that long. But to me it wasn't a way of handling business.

The CHAIRMAN. A grievance is a complaint, is it not?

Mr. MEAD. That is correct.

The CHAIRMAN. And also sometimes there is a claim. In other words, it is a grievance about something, and it can also be a grievance about money owed you and not paid?

Mr. MEAD. I think what the statement was—maybe I would like to correct myself—I think that the statement he made was that no one had requested a meeting. And to my knowledge I didn't think it was ever anybody had been told to request a meeting, and they were told when they were in the meeting that the meeting would be held after the three trial periods.

The CHAIRMAN. A meeting was expected to be called from the assurances given at that time?

Mr. MEAD. That is correct.

The CHAIRMAN. And it wasn't considered that a request for it was necessary?

Mr. MEAD. That is correct.

The CHAIRMAN. For that reason, no request had been made?

Mr. MEAD. That is correct.

Mr. KENNEDY. Now, Mr. McMaster came down and what was the result of that? Did the membership still not want to go along with the cent and a half?

Mr. MEAD. The meeting was held in Cincinnati, at the company terminal, which is about 11 miles out from town, and it was attended by about seven of our own business agents, plus our membership at Trans-American, and also the members of Dayton and Columbus, Ohio.

They were to attend the meeting. After this thing was discussed pro and con, a vote was taken. We asked that the vote be counted separately, and after a bit of argument it was decided to count the vote separately. The vote in Cincinnati was strictly against the taking of the cent and a half, and the Columbus boys voted against taking it, and the Dayton boys voted to accept it.

The CHAIRMAN. The Dayton, Ohio, boys?

Mr. MEAD. Yes; members of local 957 at Dayton.

I would like to say this, at the start of this meeting, or previous to the start of the meeting, I had with me a tape recorder and I happen to be one of those people that believe if you have it on paper or have a record somewhere, you don't have to stop and recall from your memory, and I asked if it could be used.

After a discussion, I think a vote was taken, and we didn't use the tape recorder.

The CHAIRMAN. They didn't want it to be too exact?

Mr. MEAD. The company was asked, and Mr. McMaster asked the men, and after it was talked backward and forward, and discussed quite a bit, the vote was taken, and they said "No."

Mr. KENNEDY. Did the membership ever approve of this in Cincinnati?

Mr. MEAD. After the meeting, and after it was turned down, the company asked if we would go along for a 90-day period. After we discussed this later on among ourselves we agreed to go along for a 60-day period. So that would have brought it up approximately about the 1st of May or the 1st of June, because this was the end of March when this happened.

We generally have a meeting every year around the 8th, the second Sunday of June, to bid our runs, and so knowing this was coming up and rather than have two meetings, I wrote the company asking them what had been done about setting up the meeting and asked them if the meeting could be held on the 8th instead of the 1st, so that I could hold the two meetings together.

There is correspondence there on that, in your files, that Mr. Sheridan has, and I just don't recall offhand about it. But I do know that a meeting date was set up and then later on I received a telegram from the company, from Mr. Dennis, stating that they could not be in Cincinnati on that particular date. There was no meeting held anywhere around the 1st of June and the meeting was held on the 24th of August, and in fact I was on vacation and I came back on a Sunday to have this meeting, and it was held in the Gibson Hotel downtown in Cincinnati.

At this meeting, the company had protested, as you heard from their testimony here yesterday.

Mr. KENNEDY. At the meeting on June 1?

Mr. MEAD. There was no meeting on June 1.

Mr. KENNEDY. Mr. Dennis testified yesterday that the membership of your local in Cincinnati approved of this at a meeting on the 1st of June.

Mr. MEAD. I would like to know who was in attendance, then.

Mr. KENNEDY. Did your membership ever approve of this?

Mr. MEAD. No; they never have.

Mr. KENNEDY. He said a vote was taken, as I recall.

Question. Was it in favor or against?

Mr. DENNIS. Against the cent and a half, but it was unfavorable.

Mr. MEAD. I think that you will find in the data that Mr. Sheridan secured from our files, I think you find a letter in there where I even wrote and asked them when is this going to be held. You canceled the meeting out by telegram.

Mr. KENNEDY. That was a letter dated July 30, 1958?

Mr. MEAD. That is correct.

Mr. KENNEDY. Where he states the vote was taken in Cincinnati, and the vote was 18 to 13 in favor of accepting the cent and a half, this letter of July 30 indicates that there was no such vote during that period of time.

Mr. MEAD. I think in Ireland they call it a little prevaricating.

The CHAIRMAN. Let us get your letter into the record here.

Here is a photostatic copy of what purports to be a letter from you to Mr. Hoffa dated July 30, 1958, and will you examine it and state if it is a photostatic copy of the original?

(The document was handed to the witness.)

Mr. MEAD. That is my letter.

The CHAIRMAN. It may be made exhibit No. 72.

(Letter referred to was marked "Exhibit No. 72" for reference and may be found in the files of the select committee.)

The CHAIRMAN. At that time, then, on July 30, there had been no meeting held?

Mr. MEAD. That is correct.

The CHAIRMAN. And you were writing and inquiring about it?

Mr. MEAD. That is correct.

The CHAIRMAN. You were wanting a meeting held?

Mr. MEAD. That is right.

The CHAIRMAN. All right, proceed.

Mr. KENNEDY. Then here we have a letter of October 30, 1958, a letter to Mr. Hoffa himself from John W. Mead, business representative, stating that your local membership was still against the cent and a half.

Mr. MEAD. That is correct.

The CHAIRMAN. I hand you this letter of October 30, or 28, I can't be sure which, of 1958, and ask you to examine this photostatic copy and state if you identify it.

(The document was handed to the witness.)

Mr. MEAD. That is correct, that is my letter.

The CHAIRMAN. That is the letter that you received?

Mr. MEAD. The one I sent to Mr. Hoffa.

The CHAIRMAN. The letter you sent to Mr. Hoffa?

Mr. MEAD. Yes, sir.

The CHAIRMAN. It may be made exhibit No. 72-A.

(Letter referred to was marked "Exhibit No. 72-A" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. It states specifically that your membership still opposes the cent and a half?

Mr. MEAD. That is correct. Mr. Kennedy, I wanted to say this before, in explaining there was a meeting held on August 24, on August 24 there was quite a bit of discussion, and the company had claimed at the earlier meetings that some of these drivers had not been able to attend the meeting, and they were talking mainly about the owner-operators and not the company drivers. And quite a few of the drivers, the company saw to it that they were laid over in Cincinnati, and were not sent out on runs so they could attend the first meeting in March, and some of them were turned back, but in most meetings you have to take a vote and take the result of the members that are present.

These letters that they stated were sent in, where these people said they didn't get to attend the meeting, they were sent to the company by certain owner-operator drivers and not by any company driver, and I did not receive any copies of them.

Mr. KENNEDY. The membership never voted in favor of the cent and a half?

Mr. MEAD. Nobody has ever voted in favor of the cent and a half. In fact, on the 24th, on August 24, I wanted to bring out that there was no vote taken then. The vote was taken at that time when the argument ensued, there was quite a few more drivers in there, and the argument came up as to whether we would take a vote, and we had taken a stand that we had taken one vote and as far as we were concerned we were standing on it. There was such an argument that George Starling, then president, then asked for a vote, and as to whether we should take a vote, and that was turned down, that we shouldn't take a vote.

The CHAIRMAN. You had already voted and you weren't going to vote any more.

Mr. MEAD. That is correct. That was as bad as our election.

Mr. KENNEDY. And, Mr. Young, the membership is still opposed to it; is that correct?

Mr. YOUNG. Yes, sir.

Mr. KENNEDY. I believe that is the situation. We have already had the testimony by Mr. Luken in connection with the harassment against some of these individuals.

The CHAIRMAN. Do either of you other witnesses have anything you wish to add to what has been said?

I am addressing the three that have not testified.

Mr. FROBE. I can only say that I verify that I took those minutes in the meeting in Detroit at the company's terminal.

The CHAIRMAN. The minutes that were made an exhibit here?

Mr. FROBE. That is right.

The CHAIRMAN. They are accurate so far as you know?

Mr. FROBE. That is correct.

The CHAIRMAN. Anything from you, Mr. President?

Mr. SCHULZ. Only to the extent that I was pinchhitting in and out of those meetings, and those meeting in Detroit and those held in Cincinnati where the vote was taken by the Cincinnati local, the Columbus local, and the Dayton local, and the meeting in the Gibson hotel.

I verify that Brother Mead has brought that out in detail.

The CHAIRMAN. In other words, you support his testimony with respect to those meetings?

Mr. SCHULZ. Yes, sir.

Mr. EICCHOLD. I have nothing to add.

The CHAIRMAN. All right. Thank you, gentlemen, very much.

Mr. KENNEDY. Could I ask Mr. Dearwester to step forward? Mr. Frobe might stay there.

The CHAIRMAN. You have not been sworn, I believe.

Do you solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. DEARWESTER. I do.

TESTIMONY OF WILLIAM DEARWESTER

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. DEARWESTER. William Dearwester. I live at Flint, Mich. I am a truckdriver for Complete Auto Transit Co., of Flint, Mich.

The CHAIRMAN. Do you have counsel?

Mr. DEARWESTER. No, sir.

The CHAIRMAN. All right. Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Chairman, we had testimony yesterday that the contracts in the Ohio Conference of Teamsters have been higher than the contracts in the rest of the Central Conference of Teamsters, and that over the period of the past 8 years or so Mr. Hoffa has been attempting to bring the contracts in Ohio down into line with the contracts that he has negotiated in the rest of the States of the Central Conference of Teamsters.

The man who is chiefly responsible for the high contracts that they had in Ohio was Mr. Murphy, who was vice president of the International Brotherhood of Teamsters and head of the Teamsters in Ohio.

Is that correct?

Mr. DEARWESTER. That is right.

Mr. KENNEDY. The influx of Mr. Hoffa and his people, and the employers that were close to him, started in 1948, as I understand.

You knew Mr. Murphy quite well, did you not?

Mr. DEARWESTER. Well, I had met him on two or three occasions; yes.

Mr. KENNEDY. Was there a strike against a company in 1948 that was represented by Mr. Carney Matheson?

Mr. DEARWESTER. That is right. It was against Complete Auto Transit of Norwood, Ohio, and the Anchor Motor Freight.

Mr. KENNEDY. And Mr. Carney Matheson was representing those companies; is that correct?

Mr. DEARWESTER. That is correct.

Mr. KENNEDY. In fact, our records show that he had a financial interest in Complete.

Mr. DEARWESTER. That I don't know.

Mr. KENNEDY. During that period of time, Mr. Chairman, he was in financial businesses with Mr. Hoffa himself.

Mr. Matheson came down and told your unions that he was going to institute a \$3 million suit against the unions, is that correct, for going out on strike?

Mr. DEARWESTER. That is what we were told by our officers at a meeting of the local.

Mr. KENNEDY. You were against accepting the propositions, the proposals, that had been made by the company and by Mr. Matheson?

Mr. DEARWESTER. That is right.

Mr. KENNEDY. Was Mr. Murphy then called to Detroit for a meeting in Detroit?

Mr. DEARWESTER. Yes, he was. He was called in to help our representatives who had flown to Detroit to negotiate.

Mr. KENNEDY. Was the result of all of this that you had to concede your points to management and to Mr. Matheson?

Mr. DEARWESTER. That is right. We settled for just what Hoffa settled for in Detroit.

Mr. KENNEDY. Would you tell what Mr. Murphy stated when he got back from Detroit?

Mr. DEARWESTER. He came back to Cincinnati and we had a meeting there of, I believe, both Anchor and Complete drivers. He got up

before us and made a statement. I will try to remember it word for word as near as possible. He stated:

"I have been a member of this organization for 35 years, most of the time as an official. I have seen some pretty rotten things pulled both by management and labor. But," he said, "this man Hoffa, and I don't know where he gets his authority, just pulled the rottenest deal on you fellows that I have ever seen an official pull on members of his own union.

"If it is the last thing I ever do, I am going to find out—I am leaving here by plane, going to Indianapolis, and I am going to find out where he is getting his authority. If it is the last thing I ever do, I am going to try to take the wind out of that man's sails."

Shortly after that he left the meeting.

Mr. KENNEDY. And Mr. Murphy died shortly afterward?

Mr. DEARWESTER. I would say a little over a year or around a year after that, yes, and Mr. Hoffa seemed to skyrocket then.

Mr. KENNEDY. And Mr. Hoffa's power increased thereafter?

Mr. DEARWESTER. That is right.

Mr. KENNEDY. But that was the first inroad into Ohio?

Mr. DEARWESTER. To my knowledge; yes, sir.

Mr. KENNEDY. The next witness will give about as important testimony as we have had, Mr. Chairman.

The CHAIRMAN. Proceed. Call the witness.

Mr. KENNEDY. Mr. Maxwell.

The CHAIRMAN. You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. MAXWELL. I do.

TESTIMONY OF GEORGE S. MAXWELL

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. MAXWELL. George S. Maxwell, 1145 East 74th Street, Cleveland, Ohio; an attorney at law.

The CHAIRMAN. Then I assume you waive counsel?

Mr. MAXWELL. I waive counsel, sir.

The CHAIRMAN. Thank you.

Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Maxwell, what is your position?

Mr. MAXWELL. With respect to what, Mr. Kennedy?

Mr. KENNEDY. I will start over.

You were born in Rawal Pindi, India; is that correct?

Mr. MAXWELL. That is correct.

Mr. KENNEDY. I mentioned to him yesterday, Mr. Chairman, he is the first witness from that location.

Your parents were Presbyterian missionaries?

Mr. MAXWELL. That is correct.

Mr. KENNEDY. And you returned to the United States after the First World War and went to Princeton Theological Seminary; is that correct?

Mr. MAXWELL. That is correct.

Mr. KENNEDY. You were ordained and occupied a position as a Presbyterian minister until the middle of World War II?

Mr. MAXWELL. That is correct.

Mr. KENNEDY. And then, unable to get into the service in World War II because of physical disability, you resigned your ministry and became an official of the National War Labor Board; is that right?

Mr. MAXWELL. That is correct.

Mr. KENNEDY. And where you served through the end of the war?

Mr. MAXWELL. That is right.

Mr. KENNEDY. You settled in Cleveland in 1947 and began practicing as a labor relations consultant; is that right?

Mr. MAXWELL. That is right.

Mr. KENNEDY. Under the name of George Maxwell & Associates?

Mr. MAXWELL. That is correct.

Mr. KENNEDY. The majority of your clients were and still are trucking companies engaged in the hauling of iron and steel?

Mr. MAXWELL. That is right, sir.

Mr. KENNEDY. From the producing mills in the Ohio area to the fabricators of steel products; right?

Mr. MAXWELL. Right.

Mr. KENNEDY. You helped to organize the Steel Truckers Employers Association, Inc.?

Mr. MAXWELL. Right.

Mr. KENNEDY. And which is presently composed of some 25 companies engaged in the hauling of iron and steel?

Mr. MAXWELL. That is right.

Mr. KENNEDY. You went to law school at night and graduated in 1954 and admitted to the Ohio bar?

Mr. MAXWELL. That is right.

Mr. KENNEDY. In your capacity as labor relations consultant for this association, you handled the contract negotiations with the International Brotherhood of Teamsters; is that correct?

Mr. MAXWELL. The Central States conference of the international brotherhood; that is right.

Mr. KENNEDY. The contracts that are negotiated and signed on behalf of the Teamsters, are those contracts enforced and lived up to as a general proposition?

Mr. MAXWELL. They are frequently modified by negotiations subsequent to their being signed with respect to particular conditions which are an aggravation or make it impossible for particular companies to operate in compliance therewith.

Mr. KENNEDY. What does that all mean? No?

Mr. MAXWELL. It means this: No is the answer. However, I don't need to explain to you, sir, or to the Senator, as lawyers, that frequently when a contract contains terms that are too onerous for the parties to continue in effect, these contract terms can be modified by subsequent negotiations, and as representative of the Steel Truckers Association, I did, in behalf of the association as a group, and of individual companies, negotiate modifications of the Central States area agreements on behalf of and for the association and these individual companies.

Mr. KENNEDY. In other words, you would obtain changes in the contract for the association members and for the individuals?

Mr. MAXWELL. That is correct, sir.

Mr. KENNEDY. Were those changes that were made in the contract on behalf of these individual members of the association always put in writing, the changes?

Mr. MAXWELL. No, they were not always reduced to writing.

Mr. KENNEDY. With whom were the changes in the contracts negotiated?

Mr. MAXWELL. In nearly every instance, negotiations terminated at least with Mr. James Hoffa.

Mr. KENNEDY. Isn't it a fact that the negotiations themselves in changing or altering the terms of the contract were conducted with Mr. Hoffa?

Mr. MAXWELL. In a majority of instances they were conducted only with Mr. Hoffa. But in all instances they required his approval before they could be made effective.

Mr. KENNEDY. Isn't it a fact that in many of the cases where modifications or changes in the written contract were made with Mr. Hoffa, they were not sent back to the membership for approval?

Mr. MAXWELL. Mr. Kennedy, let me say this: To my knowledge, there were cases in which no subsequent approval of the members of the unions were secured. However, this was not a part of my responsibility and I cannot say how many times that occurred. There were instances when they were submitted to the members who were employees of the particular companies I represented, and of that I do know from personal knowledge.

Mr. KENNEDY. All right. For those where the approval was actually gained, from somebody who has had experience in the business, isn't it a fact that the truckdrivers to whom this proposition is being proposed, after Mr. Hoffa has already agreed to it, have very little choice, as a practical matter, of approving or disapproving?

Mr. MAXWELL. That is correct.

Mr. KENNEDY. I mean, this is almost a perfunctory step even where the approval is gained?

Mr. MAXWELL. To use a legal term, because I don't like quite the lightness of perfunctory, let us say it was pro forma, if I may use that word.

Mr. KENNEDY. It is an improvement.

Mr. MAXWELL. Thank you, sir.

Mr. KENNEDY. And in other cases, as you point out, the membership was not consulted; the agreement was made with Mr. Hoffa himself?

Mr. MAXWELL. I said to my knowledge there was no subsequent approval of the members, and the agreement was complete when reached with Mr. Hoffa.

Mr. KENNEDY. It is understood, for instance, that the owner-brokers, although it is not specifically written into the contract, it is understood that the owner-brokers will receive a 75 percent return on the work that they do and the trips that they make?

Mr. MAXWELL. A fixed percentage. That is not always 75 percent. Right. It varies. But there is in nearly every case with the owner-operator a lease form signed covering his equipment in which a specific percentage of the gross revenue derived from the operation of that equipment is to compensate him for his services as a driver and for the rental of that equipment.

Mr. KENNEDY. Hasn't it been possible where you have had a fixed percentage, that you can make an arrangement with Mr. Hoffa, himself, to lower the fixed arrangement on behalf of certain companies?

Mr. MAXWELL. That is correct, sir, and that has been done, in behalf of certain companies. The permission of Mr. Hoffa has been secured—I say the permission—the concurrence of Mr. Hoffa in the amendment of those agreements to reduce that percentage has been secured.

Mr. KENNEDY. Isn't it correct that if you had an absolute enforcement of the contract as it is written that these companies would be put out of business, the contract as it is written?

Mr. MAXWELL. In many cases this would be true, that had they to comply with all of the terms of the contract it would be economically impossible for them to continue in business.

Mr. KENNEDY. So to obtain these modifications is a tremendous advantage, for one company to obtain the modifications and for another not to obtain them?

Mr. MAXWELL. That is right.

Mr. KENNEDY. It is a great advantage for the company who can obtain them?

Mr. MAXWELL. That is correct.

Mr. KENNEDY. The second point which would logically follow is if you are close or an associate or friend of Mr. Hoffa, you can obtain these modifications, while perhaps if you are not friendly you will be turned down on the modification?

Mr. MAXWELL. Let me say this, Mr. Kennedy: I have not always been successful in securing the relief that I requested. I think your statement is correct, that being on friendly terms with Mr. Hoffa is an aid in securing his concurrence in these modifications.

Mr. KENNEDY. Doesn't he in fact have a life and death control over these companies, the operations of these companies?

Mr. MAXWELL. That is perhaps an extreme statement, but as I have indicated to you, did he elect not to modify the agreement and to enforce all of their terms, many companies would find it economically impossible to continue. To use the words "life and death" carries, again, connotations that perhaps seem a little harsh.

Mr. KENNEDY. The death of the company. I don't mean the death of the individuals at this moment.

Mr. MAXWELL. Economically the company would die.

Mr. KENNEDY. Mr. Chairman, this is a memorandum which he will be able to identify.

The CHAIRMAN. I hand you herewith a memorandum with some attached figures or calculations.

Mr. KENNEDY. Maybe Mr. Kaplan can identify it.

The CHAIRMAN. Have you been sworn in this hearing?

Mr. KAPLAN. No, sir.

The CHAIRMAN. You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. KAPLAN. I do.

TESTIMONY OF ARTHUR G. KAPLAN

The CHAIRMAN. State your name, please.

Mr. KAPLAN. Arthur Kaplan.

The CHAIRMAN. You are a member of the staff of this committee?

Mr. KAPLAN. Yes, sir.

The CHAIRMAN. As such, have you assisted in conducting the investigation that is now under inquiry?

Mr. KAPLAN. Yes, sir.

The CHAIRMAN. I present to you here a document which is in the nature of a carbon copy of a memorandum. I ask you to examine it and state if you identify it, and where you procured it and what it is.

(The document was handed to the witness.)

Mr. KAPLAN. Yes, sir. This is a carbon copy of a memorandum which was secured on an examination of files of the Glenn Cartage Co. in their offices in Cleveland, Ohio.

The CHAIRMAN. It may be made exhibit No. 73.

(Memo referred to was marked "Exhibit No. 73" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. Could I read this memorandum dated June 20, 1955?

The CHAIRMAN. Is that the one that has just been made an exhibit?

Mr. KENNEDY. It was part of the document which has been identified.

The CHAIRMAN. It is a part of exhibit No. 73. It may be read.

Mr. KENNEDY (reading):

This memorandum pertains to a telephone conversation I had the above date with George Maxwell. George confirmed my opinion that no steel representative sits on the grievance committee and, likewise, that the grievance committee consists of all dry freight carriers, none of whom are sympathetic to the broker problem.

George told me that in 1954 he made five separate deals with Hoffa, concerning percentage pay rates for major carriers who are members of his association. He had one company decreased from 74 percent to 70 percent, three companies decreased from 75 to 72 percent, and one company decreased from 80 percent to 72 percent.

This does not include Hess, who was decreased through their own deal with Hoffa from 75 percent to 72 percent. George further said that Hoffa is very tough in these open meetings, but you can talk to him in a closed, private session; that this is the way in which most of the steel carriers operate.

Is that correct, Mr. Maxwell?

Mr. MAXWELL. To the best of my recollection, that is a fair statement of my conversation with Mr. Gurin.

Mr. KENNEDY. Does that summarize the situation?

Mr. MAXWELL. Yes, sir.

Mr. KENNEDY. Mr. Maxwell, have you found any instances where companies in Ohio have had difficulty sending certain drivers into Detroit?

Mr. MAXWELL. We have two kinds of difficulties, Mr. Kennedy.

As you know, the contract has a union shop clause. Carriers who send drivers in frequently have those drivers stopped and inquired of as to whether they are in active membership. If they are found to be delinquent in the payment of their dues, a complaint is made of this, frequently to the carriers; sometimes, if it is repeated by any one

carrier, a complaint is brought to me if they are members of the association.

On one occasion, and only one occasion that I recall, the question was raised as to the use by a particular carrier member of our association of drivers of the Negro race, colored drivers.

Mr. KENNEDY. Would you tell us what occurred in connection with that?

Mr. MAXWELL. I was called and told something to this effect—I do not at this late date recall the conversation verbatim.

Mr. KENNEDY. By whom were you called?

Mr. MAXWELL. I was called by Mr. Hoffa, and I was told that local 299 did not like over-the-road drivers of the colored race coming into Detroit; that if this were repeated, it might not be healthy for those drivers. I was asked to call their employer and to convey this message to him, which I did.

Mr. KENNEDY. What was the name of the employer at the time?

Mr. MAXWELL. The Ohio Northern Trucking Co.

Mr. KENNEDY. And he had sent a colored driver into Detroit?

Mr. MAXWELL. As I recall it, there were two colored drivers mentioned by Mr. Hoffa in his conversation with me.

The CHAIRMAN. Do you mean Mr. Hoffa—

Mr. MAXWELL. I said Mr. Hoffa.

The CHAIRMAN. The great friend of Joe Louis?

Mr. MAXWELL. I said, Senator, that Mr. Hoffa called me.

The CHAIRMAN. And objected to colored people driving trucks into Detroit?

Mr. MAXWELL. And advised me that 299 did not like colored over-the-road drivers coming into Detroit.

The CHAIRMAN. And that it might not be healthy for them if they continued?

Mr. MAXWELL. That is correct, sir.

The CHAIRMAN. Well, we get a revelation now and then. Proceed.

Mr. KENNEDY. Did you get in touch with the owner?

Mr. MAXWELL. I said, sir, that I called Mr. Protetch, then the owner.

Mr. KENNEDY. That is Jacob P-r-o-t-e-t-c-h?

Mr. MAXWELL. That is correct, of Youngstown, Ohio, the then owner of Ohio Northern Truck Lines.

Mr. KENNEDY. What did you tell him?

Mr. MAXWELL. I conveyed to him Mr. Hoffa's message that it would not be wise to send colored drivers into the jurisdiction of 299 because it might not be healthy for them.

Mr. KENNEDY. Did you understand that he called off the drivers from local 299?

Mr. MAXWELL. I never heard any more of it, Mr. Kennedy, and I presumed that no further colored drivers were sent into Detroit by Mr. Protetch's line.

Mr. KENNEDY. What you are saying, so that we get is correct, is it wasn't a question of just colored drivers driving into Detroit or driving around Detroit. This was a question of colored drivers who would be associated with local 299?

Mr. MAXWELL. It would be colored drivers coming into the jurisdiction of 299 to make deliveries of iron and steel.

Mr. KENNEDY. Specifically 299, Mr. Chairman.

For instance, local 337 and certain other unions do have colored drivers.

Isn't that your understanding?

Mr. MAXWELL. I recall, Mr. Hoffa used the words 299.

Mr. KENNEDY. Local 299 is Mr. Hoffa's local.

And it would be a question of bringing truckdrivers into their terminals that they operate?

Mr. MAXWELL. Within their jurisdiction.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. We have an affidavit, Mr. Chairman.

The CHAIRMAN. Is the affidavit duly verified?

Mr. KENNEDY. Yes, sir.

The CHAIRMAN. Who is the affidavit from?

Mr. KENNEDY. From a driver in Pittsburgh in connection with the Eazor matter that was discussed yesterday.

The CHAIRMAN. It may be made exhibit No. 74. Excerpts of it may be read into the record.

(Affidavit referred to marked "Exhibit No. 74" for reference and may be found in the files of the select committee.)

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. That is all.

The CHAIRMAN. The committee will stand in recess until 10:30 in the morning.

Mr. KENNEDY. Mr. Maxwell, what year was this?

Mr. MAXWELL. I don't specifically recall the year, but Mr. Protetch sold Ohio Northern Trucking Line to another trucking company in about 1956. I would say it was either in 1954 or 1955, Mr. Kennedy.

The CHAIRMAN. Thank you very much.

The committee will stand in recess until 10:30 in the morning.

(Whereupon, at 4:10 p.m., the select committee recessed, to reconvene at 10:30 a.m., Friday, July 10, 1959.)

(Members of the select committee present at the taking of the recess were Senators McClellan and Ervin.)

APPENDIX

EXHIBIT No. 48

J. PITMAN CO., INC.
1313-1317 PARK AVENUE
HOBOKEN, N. J.

NUMBER
3053

55-150
270

HOBOKEN, N. J. December 20 1954

PAY
TO THE
ORDER OF

Cash

100000

\$2500.00

* 25 THOUSAND DOLLARS

DOLLARS

J. PITMAN CO., INC.

HUDSON TRUST COMPANY

FOURTEENTH & WASHINGTON STREETS

HOBOKEN, N. J.

3

Charles Pitman
Charles Pitman

AUTHORIZED SIGNATURES

0123456789

0123456789

Charles Pitman



DORN'S TRANSPORTATION INC.

DAILY • OVERNIGHT • SERVICE

METROPOLITAN ADDRESS & TERMINAL

1885 PATTERSON PLANK ROAD
SECAUCUS, NEW JERSEY

TEL. UNION 4-5700

GLENS FALLS, N. Y.

DIX AVENUE TEL. 2-2809

WATERBURY, CONN.

BREWERY ST.

TEL. 2-3100

PLATTSBURGH, N. Y.

DE LOBO ST.

TEL. 1214

POUGHKEEPSIE, N. Y.

201 DELAWARE ST.

TEL. 8402

TROY, N. Y.

TEL. ASK 4-0641

MOTOR FREIGHT

HOME OFFICE AND WAREHOUSE
FIRST AVE TEL. 4-4803

RENSSELAER, NEW YORK

August 10, 1953

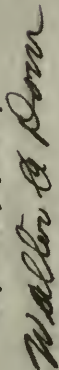
Mr. Michael G. Commumale
591 Summit Ave.
Jersey City, New Jersey

Dear Mr. Commumale:

We would like to have you accept a retainer from our company, in order for you to handle our legal matters regarding the ton mile tax, and other legal matters that may arise in the New York City area, starting at once.

We are sorry for the delay in writing this letter which we agreed to do when we originally discussed this matter.

Very truly yours,



W.A. Dorn
Vice-President

WAD/vms

EXHIBIT No. 54A

DORN'S TRANSPORTATION INC.

BEAUCOURT, M. J.
UNION 2-5700
HASPETH, L. I. M. Y.
TWELVE 6-2745
GLENS FALLS, N. Y.
TEL. 2-5628
CHESHIRE, CONN.
BROWNS 2-2311
PLATTSBURGH, N. Y.
TEL. 4022

DAILY • OVERNIGHT • SERVICE
MOTOR FREIGHT
RENSSELAER, NEW YORK

ADDRESS ONLY 761
HOME OFFICE AND BARGAIN
FIRST AVE. TEL. 4-1460

February 18, 1957

PHILADELPHIA, PA.
GARFIELD 2-2212
POUGHKEEPSIE, N. Y.
TEL. 8402
AMSTERDAM, N. Y.
VICTOR 2-1220
UTICA, N. Y.
TEL. 2-2511
BALTIMORE, MD.
CINCINNATI 2-2220

Michael Communale, Attorney at Law
591 Summit Avenue
Jersey City, New Jersey

Dear Sir:

Our auditors, George J. Dorfman & Company, 38 North Main Street, Gloversville, New York, are making their regular audit of our books as of December 31, 1956.

In connection therewith, will you please furnish them with the following information as of December 31, 1956:

Statement of our indebtedness to you; — *paid in full as of Dec 31, 1956*
Suits in which we are involved; *none*
Claims or judgments pending against us; *none*
Accounts held for collection. *none*

A stamped envelope is enclosed for your convenience.

Very truly yours,

DORN'S TRANSPORTATION, INC.

Walter A. Dorn
Walter A. Dorn
President

WAD:jma
Enclosure

Wm Dorn:

As of Dec 31, 1956 all fees, charges and expenses due this office have been paid in full and I am pleased to advise that at the present time there are no claims

against you which have been referred to me nor is there any litigation now in suit.

As of this date I know of no claims or judgments against Dorn Transportation Inc. in Hudson Co. to new p. ny, and there is no material I

Please indicate whether I am authorized to continue the listing of your Corporation in my office Directory and if you desire to appoint me the registered agent
for

Form C-190-2-1-55-10M

STATE OF NEW JERSEY

DEPARTMENT OF STATE

February 25, 1957

Trenton, 7, N.J.

In Re: Dorn's Transportation, Inc.

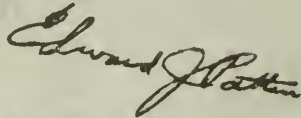
Michael G. Comunale, Esquire
591 Summit Avenue
Jersey City, New Jersey

Dear Sir:

The records of this Department do not show that the above corporation has ever been incorporated in New Jersey or is it a foreign corporation authorized to transact business in this State.

Very truly yours,

CW



SECRETARY OF STATE.

EXHIBIT No. 54C

February 21, 1957

Hon. E. J. Patton
Secretary of State
Department of State

Re: Dorn's Transportation Inc.

Dear Sir:

Please advise if Dorn's Transportation Inc. is a New Jersey Corporation or a foreign corporation capable of doing business in this State, and if so please furnish me with the name of the registered Agent.

Very truly yours,

MGC:lm

Michael G. Commale

19498

IMPROPER ACTIVITIES IN THE LABOR FIELD

EXHIBIT No. 54D

February 28, 1957

Dorn's Transporation Inc.
First Avenue
Rensselaer, New York

Re: Certificate of Incorporation

Dear Mr. Dorn:

In reply to your letter of February 18, 1957, as of December 31, 1956, all fees, charges and expenses due this office have been paid in full and I am pleased to advise that there are no claims against you which have been referred to me nor is there any litigation now in suit.

As of this date I know no claim or judgment against Dorn's Transporation Inc. in Hudson County or New Jersey.

Please indicate whether I am authorized to continue the listing of your corporation in my office Directory and also if you desire to appoint me as the registered agent.

Very truly yours,

MGC:lm

MICHAEL G. COMUNALE

EXHIBIT No. 56

**EASTERN CONFERENCE OF TEAMSTERS**

AFFILIATED WITH INTERNATIONAL BROTHERHOOD OF TEAMSTERS, CHAUFFEURS, WAREHOUSEMEN AND HELPERS OF AMERICA, A F O P L

100 INDIANA AVENUE N.W. WASHINGTON 1, D. C.

NATIONAL 8.1002

THOMAS E. FLYNN

CHAIRMAN

JOSEPH TREROTOLA

SECT. -TREAS.

FROM THE OFFICE OF
THOMAS E. FLYNN

June 21, 1955

6-7

Mr. F. J. O'Neill
Anchor Motor Freight Corporation
11700 Shaker Boulevard
Cleveland 20, Ohio

Dear Mr. O'Neill:

Enclosed is a copy of the proposed Eastern Area Truckaway
and Driveaway agreement prepared by the Committee on behalf
of the five local unions whose members are employed by the
Anchor Motor Freight Corporation.

This letter will also confirm the fact that we will meet with
you again at the time and place agreed upon.

Sincerely yours,

Thomas E. Flynn
Chairman

TEF:thw

Enc.

July 1, 1950

REGISTERED MAIL - RETURN RECEIPT REQUESTED

**Mr. Anthony Topazio
33 DiMartino Avenue
Yonkers, New York**

Dear Sir and Brother:

The General Executive Board at its meeting held in Washington, D. C., beginning June 2, 1950, considered and discussed the appeal of Anthony Topazio from a decision of Local Union 445, Yonkers, New York.

After such consideration and discussion, the General Executive Board unanimously decided that Anthony Topazio be found guilty of dual unionism, in fostering independent unions; that since Topazio has been deprived of union membership from February 24, 1950, the General Executive Board is of the opinion that this punishment is in part sufficient and that he be reinstated into membership upon notification of this decision by the General Secretary-Treasurer; further, that he shall be ineligible to be a candidate for any office in the Local Union for a period of two years from the date of this decision.

Fraternally yours,

**JOHN F. ENGLISH
GENERAL SECRETARY-TREASURER**

JFE:FT:mp

**cc: V.P. O'Rourke
Eastern Conference**

EXHIBIT No. 64

Indianapolis, Indiana
June 7, 1957Mr. J. L. Totten
Detroit, MichiganSubject: Request from Driver Dave Vannoy, Tractor 5231 IN for
Transfer to Cincinnati Steel Terminal, Middletown, Ohio

Dear Sir:

Subject named operator made a personal request to the writer, as well as to Mr. Drain, for transfer to the Cincinnati Steel Terminal.

One of the actions taken by Mr. Dennis, in his recent campaign to get former driver G. Curtis out of our employ, was to issue letters to owners of all permanent leased units operating out of Indianapolis that we were terminating our lease with them upon five days notice from the date of the letter. Mr. Vannoy, in attempting to protect his family, immediately went out and bought himself an open top semi so he would have something to pull when his lease was terminated. Fortunately, we were able to get rid of Curtis with out following through with our notice to the drivers. However, Vannoy now has this trailer and wants to put it to work.

I do not want the unit at Indianapolis due to the headaches involved, so far as operators pulling their own trailers is concerned and particularly the problems they have relative to having to lay over because the destination terminal could not get their trailers unloaded through no fault of ours. Another problem they have is the fact that the destination terminal maybe unloading a company semi in the same neighborhood of a volume pickup and will make the pickup on a company body while the man's own trailer maybe setting back at the terminal empty. When the operators see drivers pulling our own semis come in and go out around him, because of situations mentioned above, he starts complaining and I am trying to avoid any complaints with the Indianapolis local. Consequently, I told Vannoy I would not consider letting him put his own trailer on at Indianapolis. I suggested that he contact Mr. Drain, which he did and Mr. Drain called me to verify this situation. I gave him the information that I have indicated to you above.

So far as Indianapolis is concerned, driver Vannoy started for us on January 9, 1953 and we have had very little trouble with him. We have received no complaints from other terminals, as to his failing to arrive on time with loads or his unwillingness to cooperate with them whenever asked. I would say that he has been one of our better drivers and has, what I consider, a very good record. Our files show him to have a very good accident record. The only thing we have on him, in this category, is a rear end collision where a passenger car hit him in the rear while he was waiting for a light to change at the Junction of Ohio #9 and #14 at Salem, Ohio on March 8, 1954. This certainly can not be charged to Dave Vannoy.

Your earliest consideration to this request will be appreciated, as I know Vannoy will make Mr. Drain a good operator.

Yours truly,

H. S. Hinkley

BSH/jh cc: Mr. H. A. Drain, Cincinnati Stl.

1. You are mad at the company
 2. The drivers are upset
 3. A lot of them may leave things
 4. You're not going to be happy with
 any job we might give you
 5. Will give you a little of something
 if you will remain
 6. Escrow money promptly
 7. \$600.00
 8. Business is up to the man
 who has been settled. Money
 by the settlement promptly

EXHIBIT No. 67

Detroit, Michigan
March 5, 1956

Mr. R. A. Mueller
Manager
Cincinnati, Ohio

This will acknowledge your letter of February 26 advising that Mr. George Starling, President of Local 100 in Cincinnati, has asked you if we were going to participate in the Local Joint Grievance Committee Hearings held in Cincinnati on a local level.

As you know, under the Central States rider, we have an agreement that any and all grievances are to be handled by the local union and our terminal managers on a local basis. If they cannot be settled, the union should forward their grievances to Mr. Fitzsimmons in Detroit for discussion and settlement. There will be no changes on this arrangement, and it is not our desire to have our grievances handled by the Cincinnati Local Joint Grievance Committee.

Yours truly,

R. I. Dennis
Executive Vice President

JMF

FORM 506

Transamerican Freight Lines, Inc.

INTEROFFICE MEMORANDUM

Date Feb. 26, 1956

To: Detroit Terminal From: Cincinnati Terminal
To: Mr. R. I. Dennis Person From: R. A. Mueller Person
Subject: Grievance Committees, Joint, Cincinnati, Ohio

Dear Mr. Dennis:

During the conversations I have had with George Starling, President, Local 100, Cincinnati, he asked me if we were going to participate in the Local Joint Grievance Committee Hearings if and when we have a local complaint to settle insofar as City Drivers and Dockmen in Cincinnati are concerned.

The Committee is made up of 7 representing Employers and 7 from Local 100. If the decisions are tie, they are referred to the Columbus Ohio Joint Council.

The Cincinnati Motor Transportation Association has a Labor Committee for this. There are 12 on the Committee. If a Common Carrier is complained against, 4 of the members are from Common Carriers and 3 from the other Carriers which consist of Contract, Private and Cartage Companies. If one of the latter is complained against, then there are 4 from this group and 3 from the Common Carrier group.

I informed George that I thought we would continue to handle our Grievances as in the past but since he suggested that I write you at Detroit to verify, I would do so. It is understood that this group would not meet on Grievances concerning Highway Drivers.

Your attention to this matter will be appreciated.

Yours very truly,

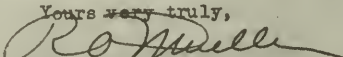

R. A. Mueller
Manager.

EXHIBIT No. 68

St. Louis, Missouri
September 28, 1956

Mr. H.S. Hinkley,
Indianapolis, Ind.

Subject: Deliveries in Noblesville, Indiana

Attached hereto is self-explanatory note. Lock it up, take it home, but whatever you do don't let anyone get hold of it. You will note R.L.'s decision and you have no choice but to be guided accordingly.

Sincerely,

G.A. Klingner
G.A. Klingner,
Regional Manager

JAK:DB

PERSONAL & PRIVATE

DEADHEADING UNDERSTANDING OF AGREEMENT

I, Hubert Bledsoe, operate my equipment under a 30 day lease for Transamerican Freight Lines, Inc.

When loads from time to time are made available to me in order to keep my equipment busy, I do hereby elect to deadhead to those points where the loads are available for which I will receive the full mileage rate of pay assigned to wages as provided for in the Central States Over The Road Agreement, plus $1\frac{1}{2}\%$ per mile for fringes.

It is my understanding that when deadheading, it will be without compensation for my equipment for anything over 50 miles. -- For the first 50 miles I will receive, in addition to my full wages, 75% of the mileage rates as provided for in the Central States Over The Road Agreement for my equipment.

I am signing this agreement of my own volition.

Signed Hubert Bledsoe

Date 5-12-59

Accounting Number 5651

EXHIBIT No. 71

TRUCK DRIVERS UNION LOCAL NO. 290

February 4, 1958

Local Union No. 100
217 W. 18th St.,
Cincinnati 10, Ohio

Re: Transamerican Freight Lines

Dear Sir and Brother:

In respect to the above matter, it is my understanding that in respect to sanction for strike of this company, the 34 man Board of Central States Drivers Council has approved such a strike.

Now after discussion of all parties concerned and due consideration being given to the Rider this company has signed for the 1 1/2 addition to the agreement, which was discussed quite thoroughly at our meeting, we feel that based upon the facts surrounding this case, it is necessary that we follow the procedure as we will suggest.

Now in regards to the petition calling for the cancelling of the 1 1/2 program and the number of names on the petition, that after checking the petition we find duplication of names and also names of members out of the Eastern Seaboard Division which are not covered by the Central States Area Agreement. Also that the petition, as such, was never sanctioned by the Union.

Now as I said before, the procedure that we have agreed upon will be just this, that a representative of management and a representative of the Union will be assigned to contact you within the next ten days and for you to make arrangements for a meeting and if necessary, full discussion with you and your membership who are employees of this company, and after discussion you will then determine what position your people wish to take in respect to the 1 1/2 addition. Brother E. Hollister has been assigned as Union representative and I am advised that Mr. E. Gutfredsen, Sr., will represent the company. In order to expedite this it is going to be necessary that we have complete cooperation. Will appreciate all efforts to get this matter settled here and now all and eliminate any further discussion one way or the other.

Would appreciate all cooperation and if there is anything I can do to help this matter along, please advise.

Respectfully yours,

LOCAL UNION NO. 290

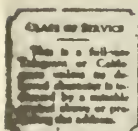
s/ Frank E. Fitzsimmons
Frank E. Fitzsimmons
Vice President

END/mt

19508

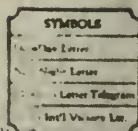
IMPROPER ACTIVITIES IN THE LABOR FIELD

EXHIBIT No. 71A



WESTERN UNION

W P MARSHALL, PRESIDENT



The following rates shown in this chart are for telegrams and day letters in STANDARD TIME at point of origin. Time of message is STANDARD TIME at point of destination.

CTA005

CT WA017 LONG PD=FAX WASHINGTON DC 7 925AME=

OTTO H FROBE, SECRETARY TREASURER LOCAL UNION NO 100
217 WEST 12 ST CIN=

*STRIKE SANCTION IS HEREWITH GRANTED LOCAL UNION 100 TO
COVER FOURTEEN (14) MEMBERS EMPLOYED BY TRANS-AMERICAN
FREIGHT LINES, SUBJECT TO THE APPROVAL OF MR.
F H FITZSIMMONS.

9 WHEN STRIKE OCCURS NOTIFY THIS OFFICE GIVING DATE
OF ACTION AND LISTING MEMBERS INVOLVED. MEMBERS MUST MEET
REQUIREMENTS OUR INTERNATIONAL CONSTITUTION ARTICLE XII
SECTIONS 4 AND 5 (B) (C) TO BE ELIGIBLE FOR BENEFITS. IT
IS MANDATORY THAT MEMBERS PERSONALLY SIGN STRIKE BENEFIT
RECEIPT SHEETS FOR PROTECTION OF MEMBERS, THE LOCAL
UNION, AND TO MEET LEGAL REQUIREMENTS OF THE BUREAU OF
INTERNAL REVENUE. DURING STRIKE FURNISH THIS OFFICE A
WEEKLY REPORT INDICATING STATUS OF NEGOTIATIONS OR ANY
UPWARD CHANGE IN NUMBER MEMBERS INVOLVED. WHEN
SETTLEMENT IS REACHED WITH OR WITHOUT STRIKE NOTIFY THIS
OFFICE IMMEDIATELY=

BIRAR O MORRIS

X



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